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NEWS SUMMARY

GENERAL

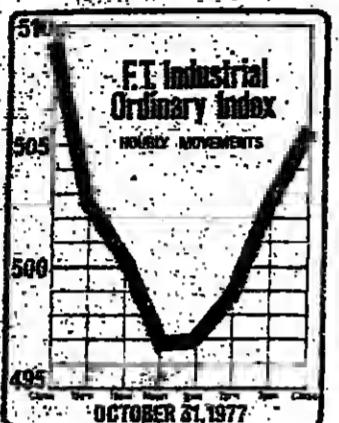
Israel treaty mooted by U.S.

The U.S. might be prepared to sign a bilateral defence treaty with Israel if that should prove the only way to persuade her to each agreement with the Arabs... Mr. Vance indicated that he was not enthusiastic about such a treaty. It was unlikely that the U.S. would ever agree to station troops in the Middle East.

BUSINESS

Gilts rise: Equities down 3.8

● EQUITIES fell sharply on the Government's decision to free the pound. At noon the FT



index was down 12.4 points. It later rallied to close 3.8 lower at 486.55, helped by gains recorded in gilt-bearing covering and other "cheap" buying.

kidnap suspect in London

Scotland Yard detectives detained a 25-year-old German on an extradition warrant after calling him to a hotel in Belvedere, London. The man, Jürgen Petersen, had been sought by German police investigating the abduction of four-year-old Felix Wesel, who was freed last week from a two-foot-high Hamburg ransom was paid.

West's embargo

Britain and France attempts to block African states at the U.N. to impose mandatory economic and arms embargoes against South Africa. They left the door open for a wider ban on arms sales.

isre doubts

Critics of the new U.S. arms package, which includes a \$1.5 billion nuclear warheads, may more vulnerable to attack from the ground than originally supposed, according to a report from Washington.

god-hit Britain

flooding made all roads between Glasgow and London for a time. Glasgow to London rail was closed because of damage at Wamphray, Lockerbie, and the alternative route via Kilmarnock was closed for a while. Parts of York, Cumbria, and the West were under water and many buses were damaged along the coast.

assets left

Mr. Miller, former chairman of Beachy Property, left no assets in his will, which valued his gross estate at \$201.8m. A million in assets were left to charity.

van stays free

A libel suit was lifted from Mr. Bevan, the Labour Party's officer, when the High Court dismissed a complaint that he had breached a court order banning a meeting of the Labour Party's general management committee last month. But Judge said that Mr. Bevan was out of the incident "with personal credit".

ally

Relations are expected between the U.S. and Britain to improve because of the unofficial no-rule. Most of Britain had been a NATO ally.

Jack Kemp, industrial

shooter during the 1960s. Kemp, aged 54, Page 14

Gen. Sir David House,

the commanding officer in the House of Lords. He was drowned and six missing after the Greek vessel Tina sank in the Bay of Biscay.

Gen. Zee's oldest inmate,

54-year-old hippo was put down because it was too old.

Freed pound jumps six cents

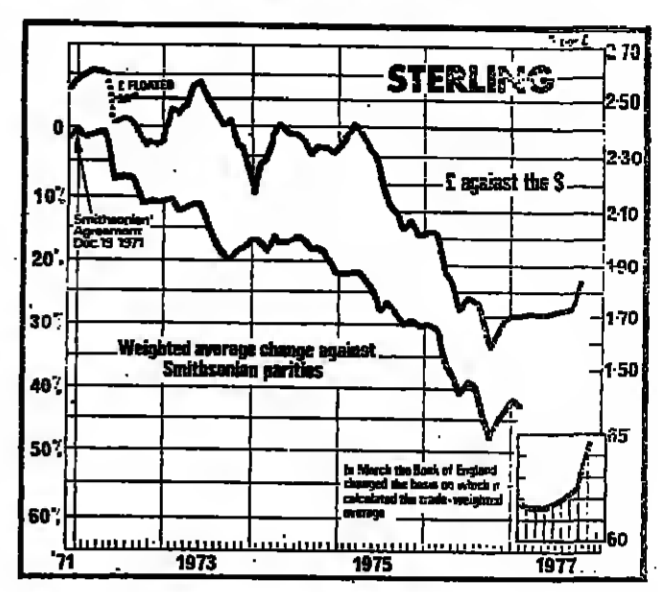
By PETER RIDDELL, Economics Correspondent

STERLING jumped by more than six cents yesterday after a decision by the Government to stop holding down the exchange rate in face of heavy inflows of foreign currency. No specific new target range for the pound has yet been decided and the authorities are for the moment waiting to see how the market reaction develops.

The pound closed 6.33 cents higher in London at \$1.8405, the highest level for 18 months, while the trade-weighted index rose by 2.1 to 64.6, an appreciation of 3.3 per cent. Later in New York, sterling continued to firm, closing at 1.8457.

The change of intervention policy presents a reluctant howling to market pressures and a clear decision that the monetary guidelines at present have priority over maintaining exchange rate stability and competitiveness.

\$2.3bn. and possibly over \$3bn.1 due to be announced tomorrow was also an influence. The change of policy was first seen in the early hours yesterday in the Far East when strong demand pushed the rate up from its Friday close in London of \$1.7772 to \$1.80.



Weighted average change against Smithsonian parities. In March the Bank of England announced the basis on which it calculated the trade-weighted average.

● Sterling comeback, Pages 16, 25 ● Editorial comment, 16 ● Commodities, 35 ● Lex, 40

Mixed feelings in industry

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE MIXED feelings of industry about the decision to float the pound were illustrated yesterday by sharply contrasting views from the Confederation of British Industry and the Engineering Employers' Federation.

"We had urged the Government to seek a period of stability in the exchange rate. Our inflation rate is still well above that of our competitors," said Mr. John Methven, director-general of the CBI.

Reaction from the chemical and steel industry, where stack demand has led to under-capacity working and deeply-cut prices, was more favourable.

present consumption levels, results to a 50m reduction in net visible monthly trade balance in oil.

U.S. accepts decision

By OUR FOREIGN STAFF

THE BRITISH decision to let sterling float upwards was accepted with equanimity by officials of the Carter Administration yesterday.

Private officials expressed satisfaction, feeling the step overdue. In recent weeks, there have been increasing signs of concern both in France and Bonn.

In West Germany, Herr Hans Apel, Finance Minister, said the revaluation was "a further sign that the problem of floating exchange rates has not been solved."

In Switzerland, bankers reacted favourably to the move, regarding it as a sensible and timely measure.

Leyland men favour reform

By ALAN PIKE, LABOUR CORRESPONDENT

MR. MICHAEL EDWARDES will become chairman of British Leyland today, heartened by the Leyland vote of almost two to one in favour of industrial relations reforms which the company still has a strong body of resistance to the proposed changes.

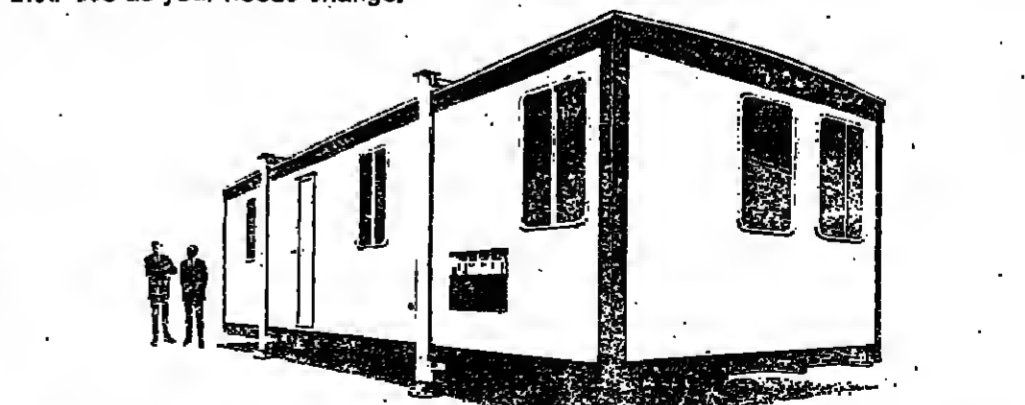
Under the proposed reforms all agreements will have a common starting date of November 1, and the company and unions will seek a Government disposition to go ahead with this at once in spite of the 15-month rule.

PRICE CHANGES YESTERDAY table with columns for 'Rises' and 'Falls' and various commodity prices.

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2 LOMBARD The unmanageable businessman

BY W. L. LUETKENS BUSINESSMEN pursue profit, which ultimately means money; so offer them enough money to make it worth their while...

Easy money In Germany the Federal Office of Statistics has published its analysis of investment in industry and mining in 1973-75. The period included the sharp recession of 1974-75, which the Government tried to reverse by paying a 7.5 per cent investment grant...

RACING BY DOMINIC WIGAN Gay Twenties may show potential for Piggott

LESTOR PIGGOTT, who rarely rides on anything but Grade One and Grade Two courses nowadays, travels to Leicester this afternoon. His many followers on the Midlands track, where he once recorded five consecutive victories, could see him score on both Gay Twenties and Hackbridge.

WINE A pleasant surprise from northern reds

BY EDMUND PENNING ROWSELL THERE IS a certain well-nourished theory that some wines "don't travel". In fact, any wine with an adequate minimum alcohol strength...

SALEROOM BY ANTONY THORNCROFT

U.S. auction makes £914,860 YESTERDAY was a quiet day at the London salerooms, the largest total coming from a Christie's auction of Chinese export porcelain and works of art...

Coal mines The writer is reminded of a visit he paid to the Ruhr more than ten years ago when towns hard hit by the running down of the coal mines were trying to attract foreign investment...

TV Radio

Table listing TV and radio programmes for BBC 1, BBC 2, and other channels, including times and titles.

F.T. CROSSWORD PUZZLE No. 3507. Includes a crossword grid and clues for Across and Down sections.

LONDON 9.30 a.m. Schools Programmes. 11.55 Felix the Cat. 12.00 Isis. RADIO 1 247m (S) Stereophonic broadcast...

Power and goodwill 'important in a slow world market'

POWER and goodwill were important considerations in a world market, which was not expanding rapidly, Mr. Edmund Dell, Trade Secretary, said at a Financial Times conference.

FINANCIAL TIMES European Business CONFERENCE

The terms The developing world had considerable power as a customer of finished goods, a power which should be used to influence constituent nations...

Nashville's Prize Week by FRANK LIPSIUS

Nashville's music industry year was "Lipstick" and Kenny Rogers was the male artist of the week. The country music industry was in a state of high activity, with the Grand Ole Opry and other major shows drawing large audiences. The week was marked by several award ceremonies and performances that showcased the best of the genre. The industry's success was attributed to the hard work and talent of its artists and the support of its fans.

The Entertainment Guide is on Page 36

The Nashville Music Awards ceremony was a highlight of the week, featuring performances by some of the industry's top acts. The awards recognized excellence in various categories, including Best Male Vocalist, Best Female Vocalist, and Best Country Song. The ceremony was held at the Grand Ole Opry House and was broadcast on television. It was a night of celebration and honor for the Nashville music community.

Festival Hall
Menuhin & Kempff
by DOMINIC GILL

As a duo, Yehudi Menuhin and Wilhelm Kempff are no strangers to London audiences. Their recording together of the complete Beethoven Violin Sonatas is a masterpiece. The duo's performance of these sonatas was exceptional, showing a deep understanding of the music and a perfect blend of their talents. The audience was captivated by their playing, and the performance was a true highlight of the festival.

Wigmore Hall
Alan Bush
by DAVID MURRAY

Alan Bush will be 77 before Christmas, but he shows no inclination to retire. His music is a blend of traditional and modern styles, and he continues to produce new works. His performance at Wigmore Hall was a testament to his enduring talent and passion for music. The audience was impressed by his skill and the emotional depth of his playing.


South Hall
Britten celebrated
by RONALD CRICHTON

The second of the Aldeburgh Festival's Sir John Gielgud Foundation Concerts was a celebration of Benjamin Britten's music. The program featured several of his most famous works, including the opera *Death in Venice*. The performance was a success, with the audience praising the clarity and beauty of the music.

Theatre Upstairs
Return to my Native Land
by B. A. YOUNG

Return to my Native Land is a translation of a poem by Aimé Césaire, a native of Martinique. The play explores themes of identity, race, and the struggle for independence. The performance was powerful and moving, capturing the essence of the poem and the experiences of the characters.

ANNOUNCING THE END OF THE DINNER PARTY.



CROFT
THE DISTINCTION OF A SCOTCH WHISKY



By Grant

Grand Palais, Paris Courbet Re-viewed

by DENYS SUTTON, Editor of Apollo



Gustave Courbet's self-portrait

Gustave Courbet (1819-77) is generally dubbed a realist in the history books and his work is apt to be studied and indeed praised for its radical content. He was drawn to every day subjects but it is worth emphasizing, as one of his contemporaries pointed out, that his interest in poverty was inspired not only by sympathy with human suffering, but also by a delight in the picturesque. The large scale exhibition at the Grand Palais, Paris, which will be shown in London early next year, shows that Courbet was a more complex personality than has often been realized. This show certainly provides material for a reevaluation of Courbet's art, but whether this will follow the views expressed in the catalogue is debatable.

A word of warning must be entered about this large publication which contains an introduction by Prof. Alan Bowness, extensive notes by Hélène Toussaint and a useful chronological account of the artist's life by Marie-Thérèse de Forges. It is, in fact, a controversial document in which assertion rather than proof is the order of the day; many of the interpretations advanced are far fetched.

Prof. Bowness even talks about "those private sexual relationships between Courbet, his sisters and his mistresses which undoubtedly permeate the paintings." It is seriously asking us to believe that Courbet entertained incestuous feelings for his sisters. The superficiality of his approach is shown in his interpretation of Courbet's famous painting of J. Hoffmann, Whistler's mistress. This Irish girl had red hair, immediately the Professor is carried away and talks about her being painted as "a pure Rossetti girl," the *double entendre* escapes him! He then goes on to claim that the new symbolist idea of the Rossetti-Whistler-Swinburne circle now affected Courbet's painting. We are told that Courbet subsequently interpreted waves as indicating the "force of nature itself." Surely this is how we all view waves? Prof. Bowness could have more pertinently referred to Courbet's letter to Victor Hugo (November 28, 1864) in which the artist talks about the sea in terms of a tiger and a crocodile.

Festival Hall Pollini by MAX LOPPERT

Maurizio Pollini is, among the leading pianists to-day, just about the most baffling. Every note and every bar of Sunday's Beethoven recital declared him once again a consummate player, one in whom all the various divisions of technique—touch, weight, tone, line, rhythm—are rendered indistinguishable. A recital such as this, in which the last three Beethoven sonatas were moulded with a care and a control about which there was nothing in the least of the self-conscious virtuoso, was an afternoon of pianistic mastery.

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EUROPEAN NEWS

THE PUZZLE OF MRS. TITO

A Serbian link?

BY PAUL LENDVAY, VIENNA CORRESPONDENT



Mrs. Tito: rumours and denials

RUMOURS and speculation about the disappearance of Mrs. Jovanka Broz Tito, the wife of 85-year-old Marshal Tito who has not been seen in public since mid-June, have now been belatedly swept aside by a leading Yugoslav party official Mr. Branko Milkulic. The mere fact that so many people believe the rumours may be politically more significant than her personal fate.

repeated the same warning in a prime time television programme. In contrast to 1971, when Marshal Tito had to crush a nationalist movement in Croatia, it is now the wounded national pride of the Serbs which poses a major threat to the cohesion of non-aligned Yugoslavia. Many Serbs, including Communist intellectuals, feel that Serbia is outmanoeuvred and under-represented in the decision-making machinery of the multinational federal state. Meeting friends and acquaintances in Belgrade, the mood of deep resentment rang from mild irony to embittered battle cries.



and ethnic groups. The political background to what may have begun as a trivial personal matter as well as to the jockeying for power on the eve of the republican and all-Yugoslav party congresses can be properly understood only from the national angle. The affair of the "missing Jovanka" heralds of Serbian nationalism, heralds of the Serbs, who with 40 per cent of the population constitute by far the largest nation. During recent weeks, the political leaders of the republic of Serbia (one of the six constituent republics of the Yugoslav federation) have issued public statements and appeared on television warning the public against the rising tide of Serbian nationalism. As Mr. Dragan Markovic, the chairman of the Serbian State Presidium put it, "Serbian nationalism, wherever it exists, represents the greatest danger both to the position of Serbia and to the Yugoslav socialist community as a whole."

But the fact is that complaints of Serbian nationalists also affect the entire state structure of modern Yugoslavia and could even damage relations with neighbouring Albania and Hungary. It was not an "apocalyptic regime" but the deliberate political decision of Marshal Tito's regime after the second world war which built the new Yugoslavia on the basis of republics and nations with equal rights. This involved the creation of two autonomous provinces within the republic of Serbia: the autonomous province of Vojvodina in the north where Serbs account for 55 per cent of the population with a rest composed of Hungarians, Croats, Romanians, Slovaks and others. The Albanians make up 75 per cent of the population and the Serbs a mere 17 per cent.

The relationship between Serbia and its two provinces became acute when according to well informed sources last July Serbian State President Dragan Markovic sent a secret memorandum to Marshal Tito about the delicate problems involved. But the Albanian leaders of the provinces are not willing to give up their newly won, never decision-making power. Faced now with emotional reasons in the provinces, Mr. Stane Dolanc, the Secretary of the executive Committee of the central committee of the party, hurried in Pristina, the provincial capital in late October. In a public speech he declared that 75 per cent of the population neither the provincial party organisation nor the provincial government was in any way less important than the party and state administration of the other autonomous provinces.

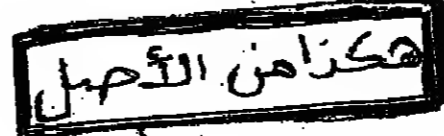
- 1 General Motors
2 Ford Motor
3 Volvo
4 Mercedes
5 Standard Oil of California
6 Gulf Oil
7 International Business Mach.
8 General Electric
9 Chrysler
10 International Tel. & Tel.
11 Shell Oil
12 U.S. Steel
13 Alcoa
14 I du Pont de Nemours
15 Continental Oil
16 Western Electric
17 Procter & Gamble
18 Amstar
19 Union Carbide
20 International Paper
21 American Cyanamid
22 General Tire & Rubber
23 Phillips Petroleum
24 International Harvester
25 Eastman Kodak
26 Union Carbide
27 RCA
28 Bethlehem Steel
29 International
30 United Technologies
31 General Electric
32 International Harvester
33 International Paper
34 American Cyanamid
35 General Tire & Rubber
36 Phillips Petroleum
37 International Harvester
38 Eastman Kodak
39 Union Carbide
40 RCA
41 Bethlehem Steel
42 International
43 United Technologies
44 General Electric
45 International Harvester
46 International Paper
47 American Cyanamid
48 General Tire & Rubber
49 Phillips Petroleum
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57 General Electric
58 International Harvester
59 International Paper
60 American Cyanamid
61 General Tire & Rubber
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64 Eastman Kodak
65 Union Carbide
66 RCA
67 Bethlehem Steel
68 International
69 United Technologies
70 General Electric
71 International Harvester
72 International Paper
73 American Cyanamid
74 General Tire & Rubber
75 Phillips Petroleum
76 International Harvester
77 Eastman Kodak
78 Union Carbide
79 RCA
80 Bethlehem Steel
81 International
82 United Technologies
83 General Electric
84 International Harvester
85 International Paper
86 American Cyanamid
87 General Tire & Rubber
88 Phillips Petroleum
89 International Harvester
90 Eastman Kodak
91 Union Carbide
92 RCA
93 Bethlehem Steel
94 International
95 United Technologies
96 General Electric
97 International Harvester
98 International Paper
99 American Cyanamid
100 General Tire & Rubber

More than half the companies on the current Fortune 500 list are on our customer list. When you consider that more than half of the biggest U.S. industrials do business with Marine Midland, you get a good picture of how big we are. In fact, our deposits total \$9 billion, with \$2 billion in personal savings. We've got \$627 million in capital and reserves, and assets totaling \$10.6 billion. As much as these numbers tell you, they don't say we've been a major money center bank for many years. Which means we've got enough experience in foreign exchange and foreign currency management to generate major money transactions. To provide direct loans. And manage major international credits. We can also assist in generating funds in other capital markets, through our associates. Of course, Marine Midland has the facilities to carry this out. With our base of international operations in New York City's financial district, we have over 300 branches throughout the state, and key people in 22 of the world's major financial centers. Some people may not expect all this from us. But after all, Marine Midland is the 12th largest bank in the United States.

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Swiss National Tourist Office advertisement with four panels of text and images of Swiss landscapes and mountains.

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Mitterrand breaks silence to attack Communists

PARIS, Oct. 31. Mitterrand said a historic compromise was really a national union... Mitterrand said...

French drive to free men held by Polisario

PARIS, Oct. 31. FRENCH EFFORTS to obtain the release of some 13 French citizens abducted by Polisario guerrillas in Mauritania and the southern Moroccan Sahara...

British victims in DM50m. fraud

FRANKFURT, Oct. 31. POLICE IN Frankfurt are investigating a massive and elaborate fraud which could end up costing European businessmen DM50m. (£12.4m.). Seven British meat producers number among the victims as well as Belgians, French and Spanish companies dealing in textiles and fresh fruit...

Bank credit expansion limited

PARIS, Oct. 31. FOLLOWING THE French Government's decision to permit only a modest expansion in money supply next year to contain inflation, the Bank of France is imposing on the commercial banks for 1978 another year of severe restraint in credit expansion...

Blumenthal optimistic on Italian economy

ROME, Oct. 31. MR. MICHAEL Blumenthal, the U.S. Treasury Secretary, expressed cautious optimism here today over the Italian government's current economic stabilization programme...

Huge uranium deposit in Black Sea

Several million tons of uranium found in the Turkish part of the Black Sea may prove to be the world's largest deposit...

More problems at Ekofisk

OSLO, Oct. 31. SEVERAL new difficulties have cropped up for Phillips Petroleum, the operating company on Norway's Ekofisk oil and gas field...

TU-144 in service

After two years of test runs carrying cargo and mail, the Soviet Union's trouble-plagued TU-144 supersonic aircraft begins regular passenger service today...

Husak changes emphasis

PRAGUE, Oct. 31. THE CZECHOSLOVAK party chief and head of state, Dr. Gustav Husak, to-day made a politically significant conciliatory gesture towards the European communist parties of the West...

Brescia steel price

Northern Italian steelmakers in the Brescia region have finally agreed to abide by the EC's current minimum price of over £130 a tonne...

Slow speed train

Reduced Soviet railway officials said yesterday that their new ER200 super-express electric train will begin its inaugural speed trials next week at slow speeds...

Hertz advertisement featuring a car and the slogan 'A Hertz No.1 man gets away from the crowds. Fast.' Includes Hertz logo and contact information for various cities.

NOTICE OF REDEMPTION Skandinaviska Enskilda Banken 9% Capital Bonds Due 1991. Includes details about bond redemption and contact information.

The Hertz No.1 Club Phone, sign, and go. LONDON 01-402 4242 MANCHESTER 061-437 8321 BIRMINGHAM 021-643 8991 GLASGOW 041-248 7733

AMERICAN NEWS

Gulf Oil brought to court over uranium contracts

BY JOHN WYLES NEW YORK, Oct. 31. GULF OIL Corporation's activities as it is alleged, a member of an international uranium cartel were to come under scrutiny in a New Mexico courtroom today...

Tighter banking controls opposed

BY OUR OWN CORRESPONDENT NEW YORK, Oct. 31. THE STIFF opposition of the U.S. banking industry to moves to tighten federal regulation in the wake of the Bert Lance affair was reaffirmed here today...

Blumenthal confident on \$

BY PAUL BETTS ROME, Oct. 31. MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, said here today that the Carter administration firmly believes in the strength of the dollar...

Brandt group on N-S relations

BY HUGH O'SHAUGHNESSY MR. EDWARD Heath, the former British Prime Minister, Dr. Henry Kissinger, the former U.S. Secretary of State, Sr. Enrique Iglesias, executive secretary of the UN Economic Commission for Latin America...

Surinam election rumpus

A CONTROVERSY over the personal finances of the Surinam Prime Minister, Mr. Henk Arron, arose last night on the eve of the first general election here since Surinam gained independence from the Netherlands in 1975.

Levesque on French visit

FRANCE will give a red carpet welcome to M. René Lévesque, the Quebec Prime Minister, who begins a three-day official visit on Wednesday, although Mr. Pierre Trudeau, the Canadian Prime Minister, has said that Mr. Lévesque should be treated as 'a simple Premier of a Canadian province'.

OVERSEAS NEWS

New talks on south Lebanon settlement

BEIRUT, Oct. 13. A HIGH-RANKING Syrian delegation began talks here today as part of the continuing efforts to establish peace in Lebanon's troubled border area with Israel.

Sadat in talks with Ceausescu

BY ROGER MATTHEWS CAIRO, Oct. 31. PRESIDENT ANWAR SADAT of Egypt does not want to participate in a reconvened Geneva peace conference unless there are adequate preparations, according to the semi-official newspaper Al-Ahram reporting on an 'extremely important talk' in Bucharest between Mr. Sadat and Romanian President Nicolae Ceausescu.

Amnesty report alleges torture in Morocco

Financial Times Reporter TORTURE, prolonged detention and unjust trial proceedings have been used against political opponents by the Moroccan government, it was claimed today in a 16-page briefing paper by the human rights group Amnesty International.

Rhodesia's Patriotic Front is in the throes of a serious internal crisis

Drawing on a fund of deep mistrust BY A SPECIAL CORRESPONDENT announcement at Mr. Mugabe's public statements and most important, the conflicting channels through which Mr. Mugabe and Mr. Nkomo see their path to the Presidency.

Floated Israeli pound loses one-third of its value

BY L. DANIEL TEL AVIV, Oct. 31. THE ISRAELI pound sank in value by about one-third today at the rates set by the commercial banks, as the currency was floated for the first time in its history.

New black newspaper in S. Africa

JOHANNESBURG, Oct. 31. WITH HEADLINES screaming of sports sensation, not politics, a tabloid newspaper returned to the streets of Soweto today, less than two weeks after the banning of its predecessor, the World.

Sri Lanka takeover policy

BY MERVYN DE SILVA COLOMBO, Oct. 31. THE BUSINESS Acquisition Act, Sri Lankan businesses only 'to the interests of national security', will give the Government sweeping powers to take over companies, will not be applied to foreign enterprises...

China bitterly attacks Soviets

The People's Daily, official voice of the Chinese leadership, yesterday published a massive 5,000-word article on Chairman Mao's theory of the 'three worlds'.

More casualties in Iran oil fire

Casualties from an explosion and fire in Iran, at the biggest oil refinery in the world, rose to four dead and 20 injured yesterday, a company spokesman said.

Hijackers in Singapore

Four Vietnamese, who hijacked an Airbus jet on Saturday, are seeking asylum in the U.S. or France, but the Singapore government has not decided what to do with them.

Ford boycott warning

The United Arab Emirates yesterday became the second Arab State to warn of a boycott of the Ford Motor Co. in support of the Arab boycott.

Kenya air link broken

The last direct travel links between Kenya and Tanzania were broken yesterday, U.N. reports from Nairobi.

Yemen mission

The London Chamber of Commerce and Industry's postponed mission to the Yemeni Republic has been rescheduled for February 15-March 1.

ON OTHER PAGES

International Company News: Volvo car aid... 22/31 Farming and Raw Materials: Malaysia commodities boost...

WORLD TRADE NEWS

Insurance move in Mid-east

THE Paris-based insurance brokers Messrs. Wagonnet...

Stone Plant order

STONE PLANT orders for the construction of a new...

Pakistan rail plan

PAKISTAN'S railway system is to undergo modernisation...

Oman cement plant

OMAN IS to build a 2.5 million tonne cement plant...

Helicopter purchase

BRITISH Helicopters is spending another £17.5m on new helicopters...

Oil refining move

FIVE major European oil companies have written a letter to the EEC Commission...

DM1bn. contract

Deutsche Babcock has signed an order worth around DM1.1bn to build a complete 300MW power station...

Loan for Turkey

TURKEY has signed two loan agreements totalling Sw.Fr. 400m with a consortium of four Swiss banks...

U.S. forecasts agreement on Tokyo Round in 1978

WASHINGTON, Oct. 31. THE U.S. believes that a way has been found out of the impasse holding up the Tokyo Round of trade talks in Geneva...

U.K. wins firm share of German oil market

BRITAIN is now a major supplier of oil to West Germany. Figure published today shows that in August British North Sea oil accounted for more than 4.4 per cent of the Federal Republic's oil imports...

Imports take 20% of British market for farm tractors

WITH A strong upsurge in sales, foreign manufacturers have laid claim to a 20 per cent share of the British market for farm tractors. They have also won 40 per cent of the market in other agricultural machinery...

Warning on imports of textiles

A WARNING that the import of two weeks, but even when these textiles and clothing could be taken as a complete further round of negotiations will have paralysed, negotiators are urged to take place in Geneva in the near future...

Curbs threat to Caricom

THE Trinidad and Tobago government's decision to impose its own system of restrictions against goods imported from Jamaica and Guyana has raised the regional economic grouping of the Caribbean Community and common market (Caricom)...

Philippines in airline takeover

THE Philippine government is on the verge of taking over the capital of Philippine Airlines and simultaneously the capital is being increased to promote expansion and to enable a fleet of Boeing 747 jumbo jets to be acquired...

Foreigners mount attack on Japan car market

TOKYO, Oct. 31. THE TOKYO Motor Show large group of components opened last week with 23 foreign manufacturers like Lucas Industries in attendance...

New from Texas Instruments. Quartz watches with continuous display, day or night. Quality and outstanding value for under £20.

Advertisement for Texas Instruments quartz watches. Includes images of watches with digital displays showing '12:08' and '12:00'. Text describes features like continuous display, day/night, and quality for under £20.

Soviet freight deal fear

JAPAN has been placed in an embarrassing position by a Soviet proposal for the establishment of a seemingly innocuous joint venture company for the forwarding of goods over the Siberian land bridge...

FINANCIAL TIMES advertisement. Includes contact information for Bracknell House, 11 Cannon Street, London EC4A 3DF. Lists regional offices in Manchester, New York, Paris, Rome, Stockholm, Tehran, Tokyo, and Washington D.C.

HOME NEWS

Pubs feeling economic draught, say brewers

BY KENNETH GOODING

THE BREWERS SOCIETY admitted yesterday that the economic recession was at last making an impact on Britain's public houses.

occupation with the balance of trade in beer, constantly in deficit for many years, the society said that the Customs and Excise statistics disclosed a fall in imports for September from 178,311 barrels last year to 136,793 barrels.

S.E. rules placed on restrictive practice register

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Stock Exchange's rule book was placed yesterday on the register of restrictive practices. This is the latest stage in a process which seems almost bound to end up with the Exchange having to defend its terms of membership in the Restrictive Practices Court.

Clinton Davis outlines plan for companies

BY ERIC SHORT

THE GOVERNMENT confirmed yesterday that it expected a three-tier system of company disclosures as the most likely outcome of the review of reporting requirements.

Hyde accounts guidelines expected on Friday

BY MICHAEL LAFFERTY

THE NEW intimation accounting proposals, known as the Hyde Guidelines, will be published on Friday with the support of all the major accountancy bodies.

Coal production is falling as energy demand rises

BY RAY DAFTER, ENERGY CORRESPONDENT

PRODUCTION OF deep-mined coal is expected to continue falling over the next year in spite of a rising demand for bone-produced energy, according to a new Government report on fuel and electricity consumption.

A paper on short-term energy forecasts, prepared by the Department of Energy for the new Energy Commission, indicates that demand for energy will be about 2 per cent higher this year than last, and that a broadly similar rate of increase will continue next year.

However, this extra demand will have to be met from oil, gas and nuclear electricity supplies. For the report suggests that deep-mined coal production will fall further this year to about 103m tons, compared with 108m tons last year, and remain at about the same level next year.

This reflects a continuation of the downward trend in recent years and also the likelihood of an initially adverse effect on output and productivity resulting from the introduction of the early retirement scheme, the report says.

Judgment reserved on RTZ appeals

BY PAUL CHESTER

THE LAW LORDS have reserved judgment on a series of appeals brought by Mr. Frank Tombs, chairman of the Electricity Council, and Westinghouse Electric.

Power utilities in the U.S. have brought a \$2bn case against Westinghouse for failing to honour uranium supply contracts.

The hearing in the Lords concluded yesterday. Lawyers on both sides had been making submissions for eight days on whether the English courts should execute letters rogatory.

Bail conditions in Altman case dropped

Financial Times Reporter

MR. LEWIS ALTMAN, the London stockbroker, accused with others of offences in connection with the investment currency fraud, had his bail increased by £5,000 yesterday.

Liberals urge increase in Ulster MPs

NORTHERN IRELAND should be allowed to elect four additional MPs to Westminster during the lifetime of the present Parliament, through the creation of an extra four-member constituency covering the whole of the province.

At yesterday's short hearing at the Guildhall Magistrates Court, London, conditions that Mr. Altman and Mr. Carnes should report in the notice one week were dropped.

Welsh public spending shows sharp increase

BY ANTHONY MORETON

A PICTURE of Wales which shows that public expenditure has been rising sharply in recent years, though gross domestic product at current prices has been falling, is contained in official figures published today.

According to the Digest of Welsh Statistics for 1977, prepared by the Welsh Office, public spending reached £2,280m in 1977-78, the last year for which figures are available. This was more than double the total of £1,150m in 1972-73.

likely to decline slowly, although some increase was expected in transport and chemical uses.

The report adds that sales of electricity have been unexpectedly high so far this year, running at about 4 per cent above last year's level.

Nuclear energy was accounting for a growing share of electricity production, reflecting progress of the introduction of advanced gas-cooled reactors into service.

Short Term Energy Forecasts, 1977-78, Department of Energy, Energy Commission Paper No. 3, Library, Department of Energy, House South, Millbank, London, S.W.1.

U.K. GROSS INLAND PRIMARY FUEL CONSUMPTION

Table with 4 columns: Year, Coal, Gas, Oil, Nuclear & Hydro, Total energy uses, Non-energy oil, Total inland consumption, Stock held, Indigenous fuel production, Net imports.

U.S.-type nuclear reactor warning

BY DAVID FISHLICK, SCIENCE EDITOR

A WARNING that Britain should not adopt American-type nuclear reactors such as the pressurised water reactor in the belief that it could export them successfully.

Mr. Tombs, in his address to the Institution of Electrical and Electronic Technicians, attacked only the arguments put forward, for example, by a Cabinet office think-tank report last autumn.

Mr. Tombs' statement was made after disclosure last week of the latest views of the Central Electricity Generating Board, generating and transmission arm of the Electricity Council, on the choice of thermal nuclear reactor for its system.

Mr. Glynn, England, Board chairman, has told the Department of Energy that the Board wanted to build both a modified advanced gas-cooled reactor and a pressurised water reactor modified to U.K. safety requirements before finally choosing the thermal reactor.

The Board has suggested that, by placing design contracts quickly for both types of reactor, it should be in a position to start construction of a new, more accessible advanced gas-cooled one in two years' time.

Investing in North Sea and America oil and gas production through Viking Resources International N.V.

The quarterly report as at 30th September 1977 has been published and may be obtained from Pilsdon, Harding & Pilsdon N.V., Herengracht 214, Amsterdam.

ENTERTAINMENT GUIDE - Cont.

THEATRES: WESTMINSTER, 8.45, 10.15, 11.30. BARBARA MULLER. JOYCE KIDMAN. ARSENIC AND OLD LACE. NINEAL: 8.15, 10.15, 11.30. PULLER: 8.15, 10.15, 11.30. WINDMILL THEATRE: 8.15, 10.15, 11.30.

ART GALLERIES

ROY MILES GALLERY: 11, Duke Street, St. James's, S.W.1. THE VICTORIAN ERA EXHIBITION: Exhibition Now On.

Equity funds give best pension returns

FINANCIAL TIMES REPORTER

EQUITY based funds provided the best overall return over the 12 months to September 30 for pension scheme investment according to figures published yesterday by Harris Graham and Partners, a leading firm of pension consultants.

The U.K.-based equity funds have been prominent in this good performance, especially those based on small companies or recovery situations.

Table with 2 columns: EQUITY FUNDS, FIXED INTEREST FUNDS. Rows include Leader: Norwich Union Equity, Average, Laggard: London Australian, FT-A All Share.

Rise likely in sale of bottles

By Kenneth Gooding, Industrial Correspondent

SALES of glass containers in the U.K. will increase by at least 4 per cent during this year and, on present trends, a 6 per cent rise is a possibility.

Giving this estimate for industry sales yesterday, United Glass said it is forecasting the total U.K. market for glass containers next year will move ahead by another 2 per cent.

Hyde accounts guidelines expected on Friday

BY MICHAEL LAFFERTY

THE NEW intimation accounting proposals, known as the Hyde Guidelines, will be published on Friday with the support of all the major accountancy bodies.

Williams & Glyn's knows that a bank that needs chasing needs changing

Paying a bank for its services is an expensive luxury if you have to keep checking to see that instructions have been followed.

But one bank you'll rarely hear accused of such inattention to detail is Williams & Glyn's. We're more vigilant than most because our branches tend to be smaller and more management time can be allotted to the supervision of individual accounts.

You'll find Williams & Glyn's a refreshing change in other ways too. If you need a decision, you could expect to get it more quickly because there is no elaborate hierarchy within the bank to delay it.

Wouldn't you prefer to save your energies for your business instead of wasting them on chasing your bank? Call in at your local Williams & Glyn's branch. Or write to: Marketing Development Office, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London SE1 9SX.

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Take a ride on success.

When you get down to it there is only one way to judge an airline. The only sure guide is increased passenger support. Over the last three years we have increased our passengers at the rate of 33% a year. Considered this way we at PIA come out very near the top of the airline league.

One of the copybook success stories of recent years, acknowledged by the international press. So take a ride on success, it's a great feeling.

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TELEFONAKTIEBOLAGET L M ERICSSON 9% Bonds 1985

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of U.S.\$2,250,000 have been drawn in the presence of a Notary Public for the redemption instalment due 1st December, 1977.

Table listing bond numbers and amounts for the 1977 redemption instalment. Columns include bond numbers (e.g., 136, 151, 161) and amounts (e.g., 22, 24, 24).

On 1st December, 1977 there will become due and payable upon each Bond for redemption, the principal amount thereof, together with accrued interest to said date at the office of... S. G. WARBURG & CO. LTD., 30, Gresham Street, London, EC2P 2ER.

HOME NEWS

Widgery seeks tighter control over legal aid

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE ABSENCE of financial control over legal aid in criminal trials leads to "unhealthily long and expensive trials, according to Lord Widgery, the Lord Chief Justice. Criminal cases are now costing nearly £30m. a year, lawyers' and 'advocates.' He now, a pilot study aimed at finding ways of making justice cheaper and speedier is likely to be the result of a discussion which the Royal Commission on Legal Services has had with Lord Widgery. Mr. Justice Ackner, Mr. Justice Arnold and Mr. Justice Oliver.



Mr. Nicholas Grimshaw (left) receives the Financial Times Industrial Architecture Award from Mr. Geoffrey Owen, deputy editor.

Architects seek Healey talks on 'long-term problems'

FINANCIAL TIMES REPORTER

THE ROYAL Institute of British Architects, whose members have been seeing the light of their commissions fall significantly in recent months, is seeking a meeting with Mr. Denis Healey, Chancellor of the Exchequer, to discuss the Government's development of the Government's industrial strategy. Lord Gibson, chairman of the Financial Times, paid tribute to the "help of a great many people outside the Financial Times" in making possible the long-term difficulties was being sought. At the same time, Mr. Graham said tribute to the place that the building industry occupied in last week's measures. The industry was "grateful for the absolutely certain knowledge that construction is now high on the list—if not at the top of the list—of industrial and economic incentives. Earlier, Mr. Peter Shore, Secretary for the Environment, told the lunch at which the award was presented that public opinion was all in favour of the development of the Government's industrial strategy.

Business urged to raise loans on trading assets

BY DAVID FREUD, INDUSTRIAL STAFF

MANY U.K. companies, particularly smaller ones, could raise bigger loans by using trading assets as security, according to evidence submitted to the Committee on Financial Institutions. The use of such assets as security is widespread in the U.S. due to the employment of a financial service called collateral control. Lawrence Collateral Services, one of the first to offer such facilities in the U.K., argued to the committee that use of the collateral control would accelerate and improve the flow of external finance to expanding companies, leaving lenders no less secure. Lawrence said that trading assets have been little used as security because of the administrative difficulty in monitoring these volatile assets which remain under the control of the client company. Lawrence predicted further growth in demand for external finance due to the increasing difficulty in financing expansion from internal resources. This demand will be matched by the need for lending institutions to see additional security. The main source of such security will increasingly be in the form of trading assets.

Midland Bank... a new Scottish link for your business team.

If your company is currently operating in Scotland, or has plans to extend operations there, you should know that Midland Bank is opening its first branch in Scotland today in the heart of Edinburgh's financial district. Regional Manager K. I. Macleod has a business team there which includes an International Finance Executive, D. Livesey, with special knowledge of the needs of multinational companies. His business team can also introduce you to other companies in Midland Bank Group, whose services include: facilities for term loans, leasing, merchant banking, international insurance broking and advisory services, international and export finance, project

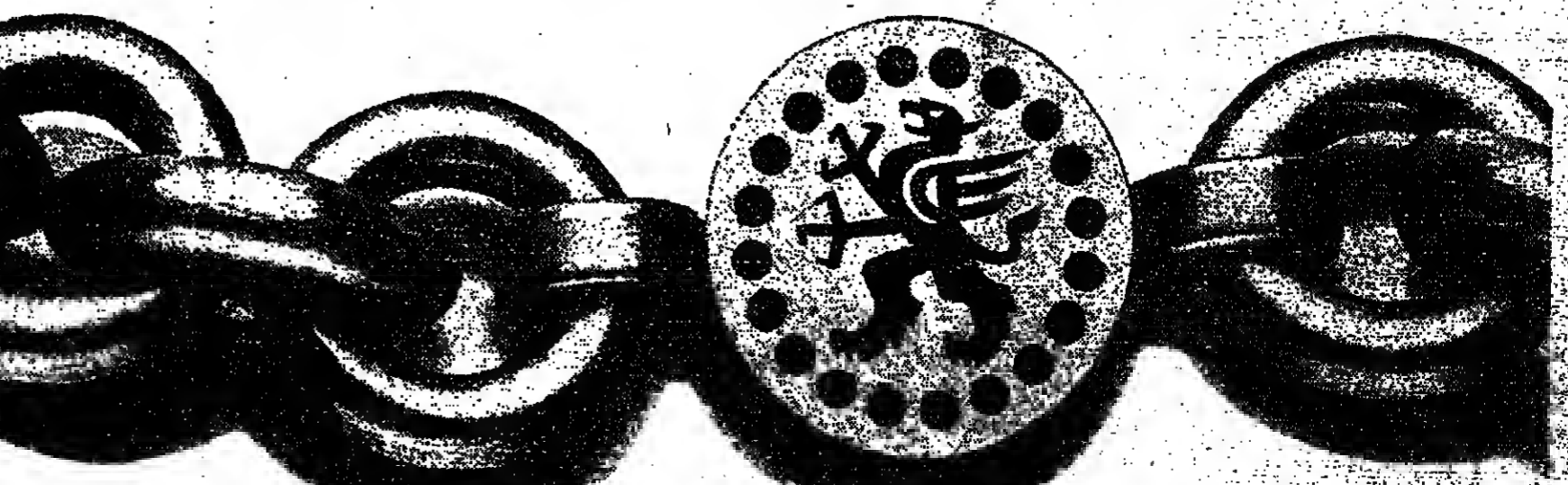
finance, equity capital for growth companies, hire purchase, travel, factoring, investment management and trust services.



For very large companies, Midland's Corporate Finance Division can provide a select team to work directly with the company, making the best possible use of the wide range of Group services. One call to K. I. Macleod can make all this available to you.

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HOME NEWS

Dividend costs rise by 25%

FINANCIAL TIMES REPORTER OCTOBER was a fairly quiet month for the publication of industrial companies' full reports and accounts, only 68 being received compared with 141 in September. However, the feature was a 25.4 per cent increase in dividend costs on the comparable year-ago figure. This rise reflects a number of factors, including the average for the first half year of 20.3 per cent and the average for the third quarter of 17.1 per cent. In view of the Government's legislation to limit increases in dividends to 10 per cent, it is worth noting that companies can lift dividends beyond the limit in certain circumstances, which include the raising of fresh capital or in feeding off an unwanted bid. Profits in the reports showed a 39.8 per cent rise over the year-ago figure. Although this is a slightly lower growth rate than shown in September's reports in which profits increased by 45.2 per cent, it compares favourably with the third-quarter average rise of 35.3 per cent. The largest company to report last month was Associated Dairies, with profits up 60.8 per cent and a dividend 10.5 per cent higher.

U.K. awaits Danish move in air services row

BY MICHAEL DOMINE, AEROSPACE CORRESPONDENT

THE U.K. is waiting for Denmark to make the next move in the row over air services between the two countries. Denmark has already suspended British Midland Airways' planned service between Birmingham and Copenhagen, and the U.K. in turn has suspended some SAS operating rights to this country. The row has developed over different interpretations of the Anglo-Danish air-agreement. The U.K. believes it has the right to designate British Midland for Birmingham-Copenhagen rights, but the Danes disagree. The U.K. in retaliation for the denial of British Midland's service, has obliged the Scandinavian Airlines System to fly between Copenhagen and Prestwick, instead of to Glasgow, and it has revoked SAS rights to pick up traffic between Manchester and Dublin. Contrary to some earlier reports, SAS can still fly between Copenhagen and London. The U.K.'s Ambassador to Denmark, Miss Annie Warburton, yesterday discussed the matter with the Danish Transport Minister in Copenhagen. The Danish view appears in the U.K. already has enough U.K.-Copenhagen traffic, and that the situation is aggravated further by the recent U.K. decision to give British Caledonian Airways rights to fly between Gatwick and Copenhagen. British Airways already has

Post office attacked as new chief starts

BY CHRISTOPHER DUNN

THE MAIL Users' Association launched a sharp attack on three key areas of the Post Office yesterday, to coincide with the retirement of Sir William Ryland, chairman for six years, and the arrival to-day of Sir William Barlow as his successor. Productivity, accountability and customer relations all need urgent attention, Lord Camoys, the association's president said. The decline in productivity had cost well over a letter since 1969, coinciding with a reduction in services as well. "There is an immediate need to improve cost control while increasing volumes—the combination of the two is essential," he said, adding that last year letter traffic fell by 5 per cent.

APPOINTMENTS

Managing director for Coutts Finance

Mr. David Jones has been appointed managing director of COUTTS FINANCE COMPANY. He has been manager of the company since 1974. Mr. P. F. G. Hildesley, a director of Finance for Industry, has been appointed to the Board of the FRIZZELL GROUP. Mr. Leopold Grook has been appointed chairman of ASSOCIATED NUCLEAR SERVICES from December 1. He will succeed Mr. P. F. G. Hildesley.



Mr. David Jones

Mr. Peter W. Sellman, who retired from the chairmanship of APV HOLDINGS last May, has retired from the Board. Mr. Ian R. Stewart has resigned as a director of JOHN MICHAEL (SAVILE ROW). Mr. Bruce S. Kile has resigned from the Board of ALFRED DUNHILL. Mr. J. A. Graham, managing director of the concrete division of ASSOCIATED PAPER INDUSTRIES, has become group managing director. Mr. F. R. Lister has resigned as managing director of the papermaking division and from the parent Board for health reasons. Mr. Brian Sanderson has been appointed chairman and chief executive of KERRIDGE (CAMBRIDGE). Eagle Star Group has formed EARLE STAR TRUST COMPANY with the following Board: Mr. A. J. S. Duckworth, chairman (former senior partner of Fielding Newson Smith and Co., stockbrokers); Mr. J. N. W. Dudley (director, later Ryder); Mr. R. W. Durant (a general manager, Eagle Star); and Mr. C. R. Heuston (a solicitor). The new company will provide a wide range of specialist trust services to new clients, and in those clients previously managed by the trustee department of Eagle Star.

Peter Shephard, landscape architect, in the U.K. from Mr. Maneck Datal, who has retired. Mr. Donald Stocking has been appointed assistant general manager of FEDERATED INSURANCE COMPANY with special responsibility for the development of the company's business in the City and West End of London. He joined the London office in 1946 and has been southern area development manager since 1968. Mr. Charles F. Campbell has been elected to the Board as commercial and sales director of VOSPER PRIVATE, Singapore, the principal operating company of Vosper. Mr. Roger Baker, managing director of Tennant Guaranty, and Mr. Ronald Clarkson, managing director of Tennant Trading, have been appointed to the Board of C. TENNANT SONS AND CO., the parent company. Mr. T. W. Bedford has been appointed managing director of LILLYWHITE FROWD, a member of the OCS Group. Mr. C. B. Carruthers, five manager for the U.K. of AMERICAN INTERNATIONAL UNDERWRITERS (LONDON), has been appointed a director of the company. Mr. J. C. Spratt, a director and claims manager and Mr. R. J. Wallace, a director and specialised casualty manager, have been appointed assistant managing directors. The BRITISH TRANSPORT DOCKERS BOARD has appointed Mr. Robin J. Nicholls to be docks manager at the PORT OF LOWESTOFT from January 1. He will succeed as docks manager, Ayr and Troon, by Mr. Thomas L. Kenny, managing director of the Board's Ayr subsidiary. Kenny Stoddards, Mr. Nicholls takes over at Lowestoft from Mr. Stuart Bradley, who has become docks manager for the South Wales port of Barry. The Secretary for the Environment has appointed two additional outside members to the ENVIRONMENTAL BOARD. They are Mr. E. S. P. Evans, City Planning Officer, Liverpool, and Professor

Pension consultants' 'slowness' defended

BY ERIC SHORT

PEOPLE who attribute the slow removal, but without avail, it building up applications by companies to contract-out of the new State pension schemes in herp confidence that the work lack of drive by pension consultants were criticised last night by Mr. Sidney Phillips, chairman of the Society of Pension Consultants. He claimed at the society's biennial dinner in London that consultants had been ready to act from the beginning of last year. But, he said, they had been held back by uncertainty over the open-ended liability commitment of contracting-out, which was not resolved until the end of last year and the inclusion of pension improvements in the pay policy restrictions. Mr. Phillips said the society had pleaded with ministers to name a forward date from which all restrictions would be removed, but without avail. It was only over the past three months that consultants had been confident that the work would be productive. He urged the Government not to implement any further legislation in the next few years. There was no merit, he felt, in insisting on equal rights for men and women in occupational pension schemes until the Government did something about the five-year age difference in the State scheme. There was also a need for education in pension matters for employee representatives. The Government legislation for employee representation on pension bodies. The consultation imposed by the Social Security Pensions Act 1975 had clearly illustrated the need to educate employees in pension matters, he said.

Finance house base rate reduced to 6%

FINANCE HOUSE base rate will average the cost of three- to six per cent, from to-day, a drop of half a point on the October level, the Finance Houses Association announced yesterday. The rate was last as low as 6 per cent in July 1972. The base rate is calculated at the end of each month by averaging the cost of three-month money in the inter-bank market for the previous eight weeks and rounding up to the nearest half point. The weekly average has been dropping steadily over the eight-week period, starting at 6 1/2 per cent. The base rate is calculated at the end of each month by averaging the cost of three-month money in the inter-bank market for the previous eight weeks and rounding up to the nearest half point. The weekly average has been dropping steadily over the eight-week period, starting at 6 1/2 per cent. The base rate is calculated at the end of each month by averaging the cost of three-month money in the inter-bank market for the previous eight weeks and rounding up to the nearest half point.

Industry 'must improve to sustain recovery'

FINANCIAL TIMES REPORTER

A SIGNIFICANT improvement in the U.K.'s industrial performance is needed if the financial confidence achieved this year is to be translated into a sustained economic recovery, according to Dr. David Lomax, economic adviser to the National Westminster Bank. Writing his monthly economic assessment published this morning, Dr. Lomax says that without such an improvement in performance there seems little hope of bringing about a significant reduction in the high level of unemployment, and any upturn in output could be halted rapidly by structural imbalances. These longer-term considerations are particularly important at the present time when most short-term economic indicators are favourable, and new measures to stimulate economic activity have been introduced, he adds. Dr. Lomax notes that the mid-budget relaxation leaves the Government's fiscal policy well within the international Monetary Fund guidelines, and he expects the Government to continue to obtain IMF agreement for its policies. Breaking this link could have such an adverse effect on prices and costs—the exchange rate and interest rates — as seriously to impede the Government in its industrial objectives. "Although one naturally welcomes both the recent improved financial confidence and the income from North Sea oil, the U.K.'s poor industrial performance remains the most basic obstacle to a sustained economic recovery, an obstacle which is at present 'masked' by North Sea measures to stimulate economic activity have been introduced," he adds.

Call for stronger laws to back women's rights

FINANCIAL TIMES REPORTER

BOTH THE Equal Pay Act and the Sex Discrimination Act should be urgently amended if men and women over pay should be to become serious of proof over discrimination factors in the improvement of women's status, Jean Cousins, women's rights officer of the National Council for Civil Liberties, said in a report published yesterday. The report made 35 detailed recommendations, including more mandatory references to the Central Arbitration Committee were among six key areas which she said needed amendment. The Council for Civil Liberties, 186 Kings Cross Road, London, W.C.1. The ways in which compar-

Tories 'more successful'

BY IVOR OWEN, PARLIAMENTARY STAFF

COMPARISONS OF the impact of Labour and Conservative Governments on Britain's economy in the 32 years since the war—both have held office for roughly 16 years—produces a massive verdict for the Tories, people and the country have always been very much worse off under Labour, Mrs. Oppenheim, spokeswoman for the Conservative Association lunch meeting at the Commons, that the balance sheet for the Tories, people and the country have always been very much worse off under Labour.

HAVE YOU EVER THOUGHT WHAT A FEW YEARS IN A BADLY LIT OFFICE CAN DO TO YOU?

Working under poor lighting conditions isn't good for anybody. The trouble is most people don't see the problem. They struggle on complaining of headaches and work load but not the lighting. And as they get older the problem gets worse. Trying to distinguish a 'c' from an 'e' on a carbon copy could drive them to the optician. Better lighting can improve their performance and save money. For instance, by lighting for the task you concentrate the light on the working areas where it does most good. Lighting systems like this are not as expensive as you might think to operate. They work out at about 1% of your salary bill. Your Electricity Board can provide information about modern lighting systems, and there's no reason why anybody from an architect to a one-man business shouldn't feel free to seek their guidance. If you'd like more light thrown on the subject, contact your Electricity Board.



The Electricity Council, England and Wales

A slow revival in Welsh woollens and craft industries

BY RHYS DAVID

WELSH FASHION is due to burst on an unsuspecting world within the next few days with the first showing in London of a collection of pure new wool cloths made in ten mills in the heart of Wales.

The show, which is being put on by the International Wool Secretariat at Wool House on November 7, is the culmination of several years' effort by mill owners, designers and wool technical experts, but it carries with it much more than the hope of securing for Wales a small niche in the world of haute couture.

The Welsh woollen industry has been undergoing a significant revival in recent years, stimulated by the influx of tourists. There are now some two dozen mills in Wales, mostly on a small scale. But it is estimated that as many as 1,500 jobs have either been created or maintained by the industry, in chronically depopulated rural areas.

The Welsh Development Agency, set up by the Government two years ago to stimulate business development in Wales, has invested money in the industry, and a special study of ways in which it can be helped to grow further is being undertaken by a team at the University of Wales, Aberystwyth, under Professor Graham

Rees of the Economics Department. With sheep outnumbering humans by more than two to one, Wales is the sort of place where a big wool textile industry might be expected to exist but this has not been the case for some time.

The industry, though very large as late as the 19th century when there were some 400 weaving units in Cardiganshire alone, failed to keep pace with developments during the industrial revolution and diminished rapidly in the face of strong competition from Yorkshire and other mass production centres. With only a few mills limping on producing traditional Welsh flannel in recent years, the industry seemed doomed to eventual extinction.

Its salvation has been the search by the increasing number of tourists for distinctively Welsh products, a market now well served by craft shops.

However, under the guidance of a retired IWS director, Mr. Dennis Clive, who took over as managing secretary of the Welsh Weavers Association, a search was made for new production lines which could take the industry a stage further.

The need, according to Mr. Clive—who retired to Aberdovey in Dyfed to play golf only

to find himself down to two afternoons a week because of his wool commitments—was to produce a lighter weight, more attractively designed, cloth, and to secure for the industry a wider range of outlets, beyond the traditional craft shops, with high quality garment makers.

Aided by a grant from the Government the association enlisted a leading figure in the Scottish wool textile industry, Mr. Ebenezer Y. Johnston. For the past two years he has been visiting mills advising companies on the designs and cloth weights required to sustain a move into new fashion areas. The IWS itself has provided technical training for the producers at its Ilkley centre in Yorkshire and guidance has also been given on marketing and other problems.

Woollens

The aim, as Mr. Clive points out, has not been to try to lift the Welsh woollen industry into the ranks of mass production in what is already a heavily overcrowded world textile industry. The Welsh industry is much smaller even than Scotland's, which itself ranks as a speciality producer of high quality cloths, and it is insignificant compared with Yorkshire, Italy or the Comecon countries.

making Celtic-patterned knitwear and pottery. Another knitwear producer, Bronllys House, in Brecon is now employing 35 outworkers.

Although in other parts of the U.K. the outworker system is frowned upon as a possible form of exploitation, it can be very valuable in supplementing income in areas such as mid-Wales where employment for women barely exists. Almost 200 women are now making 30,000 knitted garments a year in Wales in this way compared with only a handful just a few years ago, and it is thought the contribution in terms of earnings to the local economy may be as much as £1m a year.

With the knitting industry also growing in Wales the IWS is now looking at the possibility of creating a Woolmark club of knitwear producers, licensed to use the IWS symbol in Wales. While efforts to attract new manufacturing industry obviously remain the most important form of help for the Welsh economy, the emergence of the woollen and craft industry has shown that opportunities can also be generated from within the community itself.

The next few years could see Wales developing as a third Celtic force—behind Scotland and Ireland in the production of quality textile and other products.

which has recently received a £25,000 loan from the Welsh Development Agency, is a regular exhibitor at Interstoff, the big textile show at Frankfurt, and has recently won an order from top designer Jeff Banks.

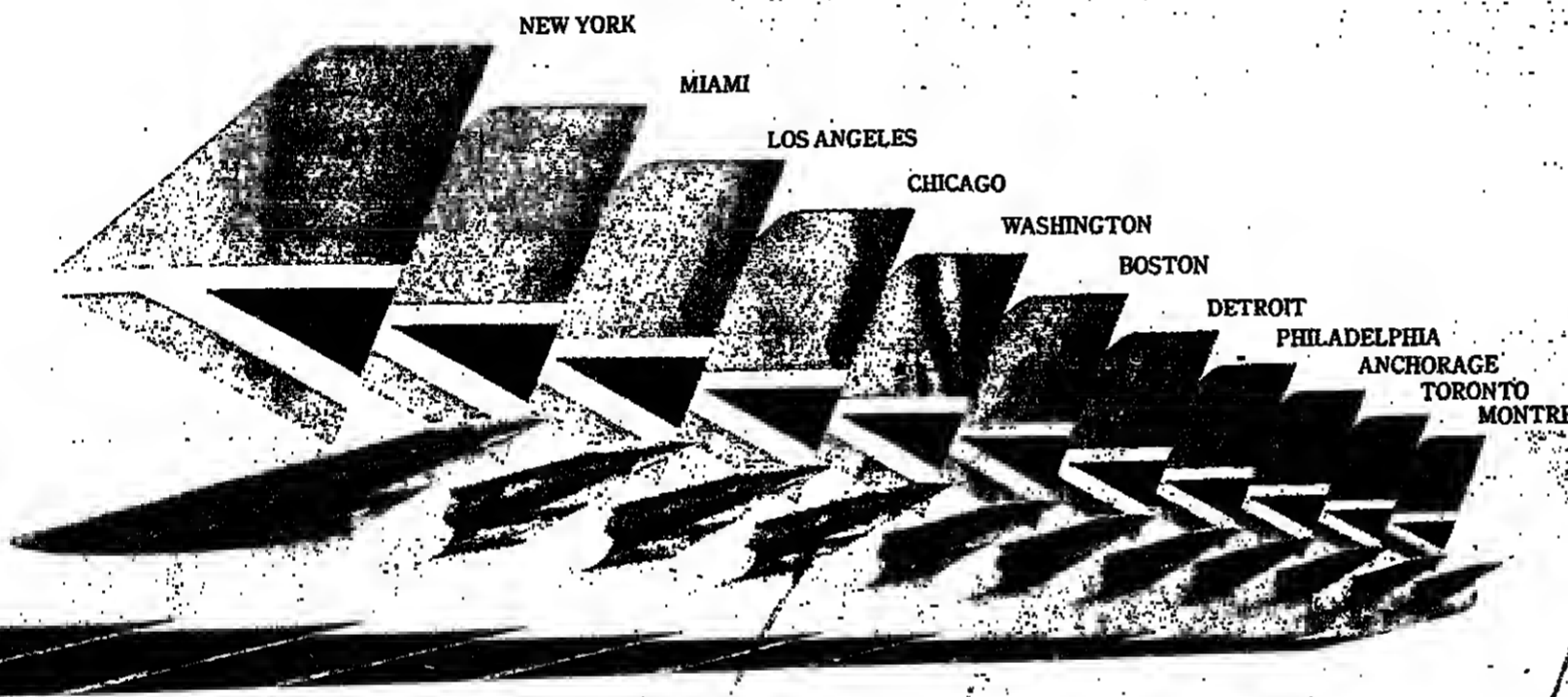
Smocks

Another mill, Carlew Weavers, at Llandysul, Cardiganshire, is much smaller but has won a share for itself of the market for furnishing fabrics. A new shop has been started in one of the smarter quarters of Paris selling Welsh smocks and other fabrics.

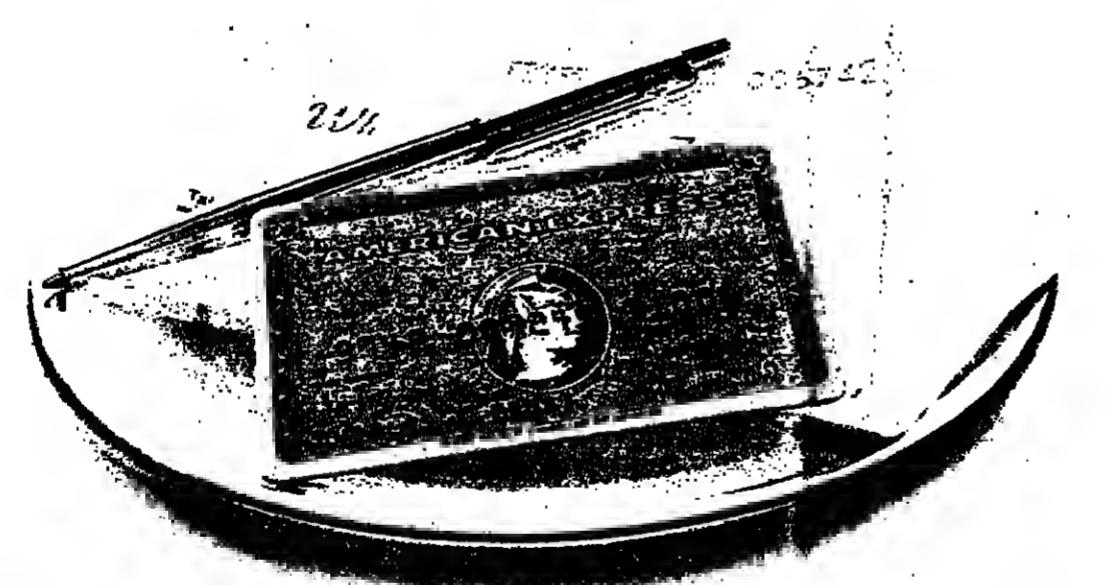
The revival of the industry has shown that other possibilities apart from the attraction of light industry exist for rural Wales as a replacement for agriculture and other basic industries. At the same time the resurgence in Welsh wool textiles has been followed by a strong growth in recent years in other textile fields, including hand-knitting, and in other craft industries.

Employment in most of these concerns is again very small but it is usually in areas where virtually no other opportunities exist. One of these, Antur Ael-hysgarth, a village co-operative in Llanaelhaearn in Gwynedd has grown to employ 16 people—including a number of outworkers

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The List of Applications will open at 10 a.m. on Thursday, 3rd November, 1977 and will close at 4 p.m. on the same day.

This issue is made in accordance with a General Order issued by the Treasury under the Control of Borrowing Order, 1973. Applications for the issue of the stock are invited from all persons who are entitled to apply for the issue of the stock under the provisions of the Local Authorities (Stocks and Bonds) (Control) Regulations 1974.

GRAMPIAN REGIONAL COUNCIL ISSUE OF £10,000,000 GRAMPIAN REGIONAL COUNCIL 10 1/2 per cent. Redeemable Stock, 1985

Authorised by the Grampian Regional Council and issued in accordance with the provisions of the Local Government (Scotland) Act 1975, and the Local Authorities (Stocks and Bonds) (Control) Regulations 1974.

Price of Issue £99 per cent. PAYABLE AS FOLLOWS:

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Interest (less income tax) will be payable half-yearly on 31st March and 30th September. A first payment of £2,500 (less income tax) per £100 Stock will be made on 31st March 1978. The stock is an investment falling within Part II of the First Schedule to the Finance Act 1973. In accordance with Resolutions passed by the Grampian Regional Council on 18th March, 1977, CLYDESDALE BANK LIMITED are authorised to receive applications for the above amount of stock at the New Issue Department, 30 Lombard Street, London EC3V 9BB.

Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000. Applications above £20,000 Stock in multiples of £5,000. A separate cheque made payable to "Clydesdale Bank Limited" and crossed "Grampian Loan" and drawn on a bank in Scotland, England or Wales, must accompany each application. No application will be considered unless these conditions are fulfilled. Payments of more than £1,000 should be made by banker's draft or by cheque drawn on a Town Guaranty branch of a bank in the City of London.

Default in the payment of any instalment by its due date will render all previous instalments payable to the issuer and the amount due to be repaid immediately. Each application to whom an allotment of stock is made will be sent a reconstructed Letter of Allotment, which must be produced when instalment payments are made. Letters of Allotment which may be sent on 3 p.m. on 1st March, 1978, and contain forms of renunciations which will be available up to 3 p.m. on 3rd March, 1978. On payment of the instalments due on 29th December, 1977 and 14th February, 1978, the Letter will be appropriately marked and returned to the issuer. Letters payable in full may be made at any time after allotment, but no discount will be allowed on such payment. Stock Certificates will be forwarded at a later date than 29th March, 1978 by ordinary post at the risk of the stockholder to the first named registered holder at his/her registered address, unless between 2nd March, 1978 and 22nd March, 1978 the Letter of Allotment has been lodged with Clydesdale Bank Limited, Registrar-Department for the exchange for a Certificate. After 22nd March, 1978 Letters of Allotment will cease to be valid.

The List of Applications will open at 10 a.m. on Thursday, 3rd November, 1977 and will close at 4 p.m. on the same day. APPLICATION FORM for Grampian Regional Council 10 1/2 per cent. Redeemable Stock, 1985 Issue of £10,000,000 Stock at £99 per cent. To: CLYDESDALE BANK LIMITED, New Issue Department, 30 Lombard Street, London EC3V 9BB.

Form for application to the Grampian Regional Council, including fields for name, address, and signature.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Robots put it together

It receives steel plates containing the parts which require to be welded together.

The roof, chassis and sides are clamped together and carried to the welding stations, each of which has several robots. After positioning, the welders get to work on making spot welds in different positions and simultaneously, again under computer control.

When the trolley has completed its visits to the various stations, it unloads the finished car body and returns to the jig store for reloading with components.

Comau division has designed into the layout quality control and dimensional checks on the bodies as they are completed, and it would appear that Fiat has stolen a march on the Japanese car companies, despite the fact that the latter began to use robots on a large scale before the Europeans.

For the purposes of the new assembly methods, Fiat has ordered 100 Unimate robots from Unimation of Telford, Shropshire. They will be installed progressively at factories in Rivolta and Cassino and their addition will bring the total of Unimates used by Fiat to over 200.

The earlier equipment is being applied to spot welding, servicing die-casting machines, carrying out stamping press transfers and forging operations and loading machine tools.

Robozate should be up and working in the spring of 1978, Telford 018931.

● PROCESSES

Hard coatings on metal

HARD NICKEL alloy deposition treatment, which is more than 10 times as hard as the metal to which it is applied, is available under a proprietary process through a U.K. company which has recently granted a sole licence to it.

The process results in a coating of outstanding wear resistance and a high degree of freedom from attack by corrosive materials.

Thick deposits are provided without any risk of build-up at corners or edges. The alloy is applied by a chemical reduction process and the resulting layer exactly the contour of the base metal. Thus, a coherent layer can be built up with virtually no limitation on the amount deposited or on the metal to be treated and the process is fast.

The hard surface resulting from the deposition method has self-lubricating properties and there are no problems in masking those areas where a layer is not required.

Hardness, as deposited, is measured at 600 Vickers; this can be raised to 1050 by heat treatment.

This process, called Wear-Cote, was developed originally as a means of protecting foundry patterns and tooling, frequently allowing cast-iron moulds to be replaced by coated aluminium tooling in automatic machines.

The U.K. group applying the process, Thomas Try, finds that the nickel alloy coating is particularly useful for coating plug layer and ball valves and for units used in the chemical and aerospace industries. Deposits of 0.001 inch are usual but undersized or worn parts may be built up by as much as 0.01 inch.

Components up to 5 feet by 3 feet can be handled as a whole and larger items by progressive treatment.

More from Thomas Try on 01-578-5732.

● COMPONENTS

Driving for expansion

RESULTING TO some extent from a depressed world market in electro-mechanical drives and aiming to produce for themselves a sales increase of 10 to 15 per cent, three U.K. companies have entered into informal co-operation.

The companies, Tann-Opferman of Borehamwood, Industrial Drives of Maidenhead and Pyc Electric of Lowestoft, have not, it is understood, entered into any kind of formal financial arrangements. However, the companies will share some of the results of their technical and market research, will decide upon and use common agencies in the countries in which they operate jointly, and will, where appropriate, advise upon and specify each other's products.

Direct competitive situations should arise infrequently because the three firms' products are largely complementary—Tann-Opferman is mainly in industrial gearboxes, Industrial Drives makes variable speed belt drives and Pyc Electric is in the somewhat more sophisticated eddy current drive business.

To spearhead their drive for

● SAFETY

Keeps eye on plant

INTRODUCED by Teddington Industrial Equipment is a system able to correctly sequence the start up of plant such as air conditioning, refrigeration diesel generators or pumping systems, monitor the critical parameters and, if an alarm condition occurs, ensure that the shut-down takes place in the correct order.

Up to 20 parameters can be monitored (temperatures, pressures, flows, etc.) via the appropriate transducers on a continuous basis using a separate process board for each. The operator is able to select any of these, see its description on a 20-segment panel, and at the same time to show the high and low limits and the present value on a digital display. Alternatively, the equipment can be made to sequence through the 20 parameters at a selectable rate.

The equipment, called System 5, is able to provide indications only, indication and alarm, or indication, alarm and shutdown and in the latter case correct sequencing will be taken care of. Each process board is factory calibrated for specific customer's warning and shutdown levels. More from Windmill Road, Sunbury-on-Thames, Middlesex, TW16 7HF, Sunbury 85501.

● COMPUTING

Administering a city

LOCAL authorities tend to be conservative in their use of innovations and it is exceptional to find that a city is making history, especially in the use of distributed processing when all the instincts of the city fathers would tell them to centralise.

However, Malmö, in southern Sweden, is working closely with Data General on administrative computing in an advanced mode. Costs achieved, set against the more common centralised batch systems, are almost derisory; the speed of response is impressive, and the systems are the most city administrative computer operations in Europe look amateurish.

Currently Malmö has 14 computers, 80 terminals, and 1,900 Mbytes of disc storage. Social Welfare runs on three machines, Central Administration on four, the Port Authority on one and Health Care on six. The various department systems are interconnected.

Malmö took the decision to go down this route for a number of reasons. Its loads for its size would be considered high by most city administrations. The city is responsible for its own health services and hospitals, something which in Sweden is normally the responsibility of the county councils.

Of the 30,000 people employed half are in the hospital and health service. The city also handles the utilities (gas, elec-

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● OFFICE EQUIPMENT

Prints and reads fiche

NEW from Kodak is a microfiche combined reader/printer which offers fast retrieval of images and the convenience of a developing process which involves no chemicals.

This desk-top unit enforces a logical left to right work flow with the controls conveniently grouped—those for the reader on the left and the remainder, for the printer, on the right. The angled viewing screen provides the optimum eye of sight and the screen is bright and easy to read.

The completely dry, dry-on paper loading system uses a dry heat process. Eckmanite materials and no operator maintenance is needed. Print sizes can be 11 x 51 or 81 x 51 inches.

A lever provides quick selection of the image since it can produce diagonal as well as horizontal and vertical movement. The scan control is tied to a "hot do" which appears behind the index card and allows rapid location of the desired image.

The unit called Startrace also has a quick-look image rotator which gives 90 degree change in focus for compatibility with computer output microfilm (COM). More on Hemel Hempstead 61122.

Cuts telex send-time

ACCORDING to Delta Systems (U.K.) there is a need for a faster and more efficient method of preparing telex tapes and the company has therefore introduced the Telexer, a device which enables such tapes to be produced from a golf-ball typewriter, from an IBM MCTII word processor, or from the IBM 82 memory typewriter.

The company points out that using the telex machine itself for tape production usually means that messages have to be typed by the sender's secretary and physically transported in the telex room where they are keyed

● ELECTRONICS

Moves by Siemens

SIEMENS, which no long ago acquired Litronic, has taken a further step in the semiconductor area by purchasing, in Advanced Micro Devices of California.

It has acquired 1m, newly-issued shares at 45 cents a share—about twice the market price. The shares represent about 17 per cent of AMD's outstanding Common stock and the agreement contains provisions restricting Siemens's ability to increase its interest above 20 per cent.

A new company, as yet unnamed, is being set up and there will be a technical exchange programme covering the design and manufacture of integrated circuits.

The joint venture, with facilities in the U.S. and in Germany, is to design, design, manufacture and market up to a worldwide basis a full range of microcomputer systems and related products, and provide full software support.

AMD president W. J. Sanders believes that the joint venture will provide a vehicle for AMD in providing a faster rate and a larger scale than would be possible without a partnership with a company of Siemens's stature.

Controls a cluster

A NEW cluster controller from Computer Technology, the 8680, allows distributed systems to be designed with considerable overall cost savings enabling up to eight terminals (VDU stations and printers) to share a common communications link to be printing order acknowledgements, proforma invoices, debtors' letters and sales analyses. There are no local rotating memory devices so the lifetime cost of ownership has been kept to a minimum. More facilities from the company at Eaton Road, Hemel Hempstead, Herts. HP2 7EQ (0432 32721).

● METALWORKING

New welding powders

PUT on the market by Stubbs Welding are two new welding powders designated SW4 and SW12.

The SW4 is slightly more fluid than the already well established SW3, provides harder and more wear resistant deposits, but can be unchilled easily and filed by hand. It is suitable for the glass industry in the repair of cast iron glass moulds, also on steels and alloy steels.

The SW12 is a cobalt base alloy, developed to meet the requirements for an alloy with high resistance in combinations of wear, thermal shock, corrosion and oxidation. It is particularly suitable for the spray fuse process; applications include pump shafts, sleeves, and liquor, gas and steam valves. More from Stubbs Welding, Widdowson Causeway, Warrington, Cheshire WA4 6QR (092550411).

Measures the pressure

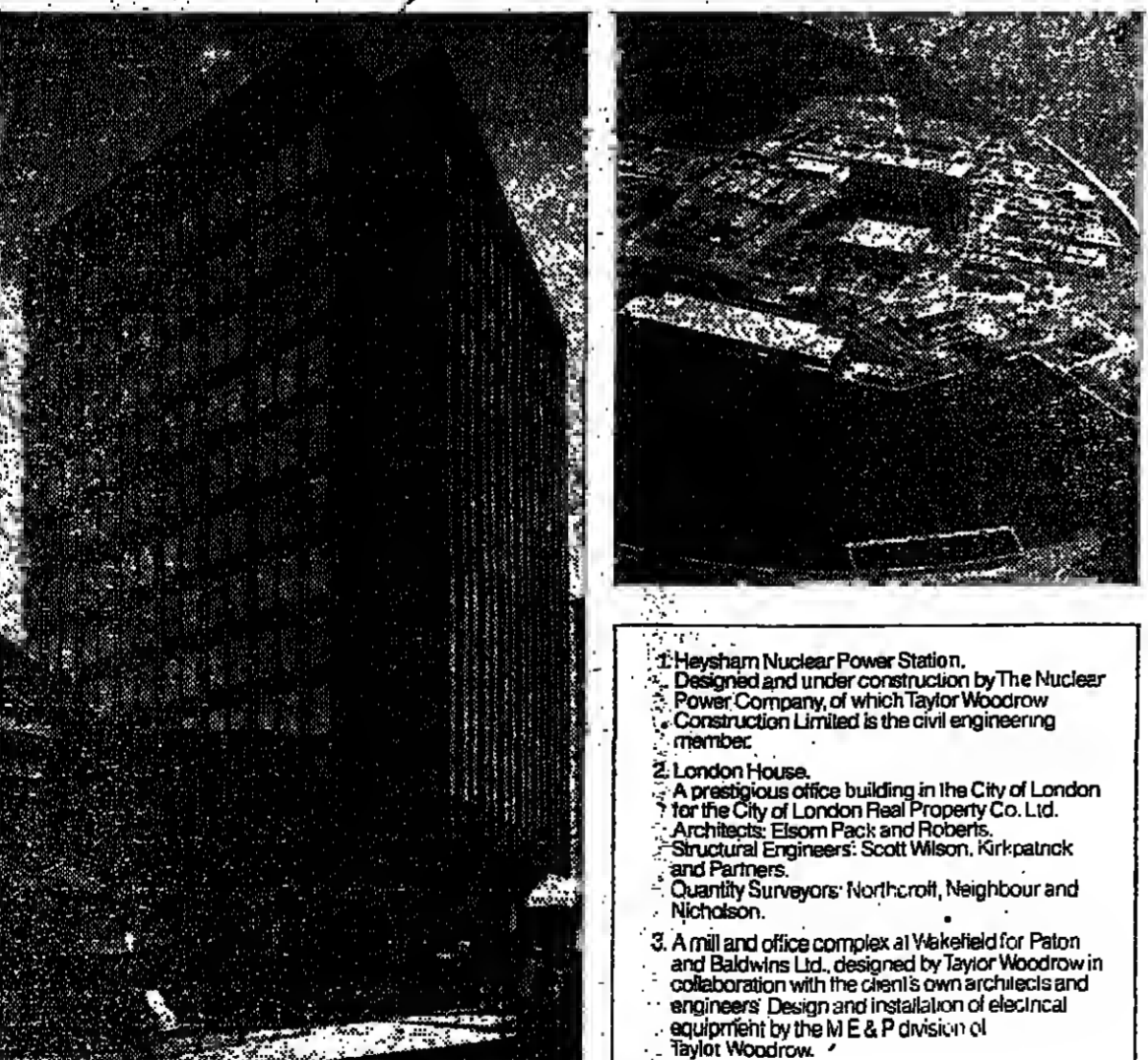
PUT on the market by SE Labs (EMI), of Feltham, Middx., is a differential pressure transducer aimed at high angle point and scanning pressure measurement applications in industrial processes, biomedical pressure studies, motor-car engine work and wind tunnel testing.

The 0.5-inch-diameter flush sensing surface is fabricated from stainless steel and offers differential measurements when non-conducting and non-corrosive media are used on the reference side.

Semiconductor strain gauge techniques are used resulting in a noise-free unamplified output of up to 100 mV full scale with a five-volt input. Combined non-

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- 2. London House. A prestigious office building in the City of London for the City of London Real Property Co. Ltd. Architects: Elsom Peck and Roberts. Structural Engineers: Scott Wilson, Kirkpatrick and Partners. Quantity Surveyors: Northcroft, Neighbour and Nicholson.
- 3. A mill and office complex at Wakefield for Paton and Baldwins Ltd., designed by Taylor Woodrow in collaboration with the client's own architects and engineers. Design and installation of electrical equipment by the M E & P division of Taylor Woodrow.

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LABOUR NEWS

New initiative on Linwood peace talks

BY OUR GLASGOW CORRESPONDENT

THE DEADLOCKED Chrysler Chrysler's US parent is think-dispute at Linwood moved into Glasgow on Sunday night of the third set of peace talks...

The initiative, coming after the breakdown in Glasgow on Sunday night of the third set of peace talks, came from the Scottish TUC which contacted national union secretaries including Mr. Jack Jones of the transport workers and Mr. Hugh Scoulon of the engineers.

Journalists quit union

THE THREAT of more industrial trouble at the Northamptonshire Evening Telegraph is keeping journalists who were at the centre of a recent six-month closed shop dispute resigned from the National Union of Journalists.

Sir Jack Scamp dies

BY OUR LABOUR CORRESPONDENT

SIR JACK SCAMP, famous for his role as an arbitrator in industrial disputes during the 1960s, has died, aged 84, while convalescing in Devon after an illness.



Beer flowed at the Fox and Goose pub in Washwood Heath, Birmingham, yesterday for the first time in two years, after draymen members of the Transport and General Workers' Union lifted their ban on deliveries. Trouble began when Ansell's draymen claimed the previous pub manager was rude to them.

Government urged to press for planning agreements

BY OUR LABOUR STAFF

MR. LEN MURRAY, TUC general secretary, called on the Government yesterday to use financial aid as a lever to encourage planning agreements to particular co-operatives.

Rees joins fire pay talks

BY OUR LABOUR EDITOR

MR. MERLYN REES, Home Secretary, intervened last night in pay negotiations for firemen who have been offered a 10 per cent rise in response to a 30 per cent claim.

Meriden abandons equal pay to attract skilled men

BY PETER CARTWRIGHT, MIDLANDS STAFF

MERIDEN Motorcycle Co-operative, near Coventry, is to abandon one of the basic tenets of co-operative philosophy by dropping equal pay. The 621 workers voted unanimously yesterday to introduce an incentive scheme which will give more to skilled workers and less to cleaners.

Production has been hampered recently by the Luton strike BOC strikes. To meet its commitments Meriden needs to build the labour force to at least £50, including skilled men. The self-financing productivity scheme is designed to keep for their 10 per cent maximum pay increase until March.

AUEW poll result to-day

BY OUR LABOUR CORRESPONDENT

THE RESULT of the first round of the ballot to choose a successor to Mr. Hugh Scoulon as president of the Amalgamated Union of Engineering Workers is expected to be announced today.

The main candidates are Mr. Bob Wright, assistant general secretary, for the Left-wing and Mr. Terry Duffy, Midlands executive member, who has Right-wing support. Mr. Scoulon, president of the union since 1967, will retire in a year's time when he is 65.

'CUSTOM AND PRACTICE' CLAIM DISPUTED

Editor's absolute power challenged by Tether

MR. C. GORDON TETHER, the Financial Times columnist, dismissed after a protracted wrangle over editorial control of his column, yesterday challenged the newspaper's assertion that as a matter of "custom and practice" the editor, Mr. Fredy Fisher, had an absolute prerogative, which he needed to explain to nobody and which he could exercise in any way he chose.

Mr. Thomas Morrison, bad asked whether certain issues in Mr. Tether's case could be determined so he could assess the relevance of Mr. Tether's cross-examination of Mr. Fisher on his "analysis" of some of Mr. Tether's articles. He wanted to see if there was some way of shortening the proceedings.

Mr. Tether said it seemed to him that the Financial Times was now refusing to substantiate these charges by denying him an opportunity to question Mr. Fisher about the evidence relating to his alleged incompetence. The newspaper was also trying to create a situation in which he would be denied the opportunity to bring his own witnesses to testify that the charges were unfounded.

Mr. Fisher, who was dismissed last week, had been doing a job for a number of years, this established a "custom and practice" contract which the editor could repudiate only if he could show that he had good reasons.

Mr. Tether said that if a writer had been doing a job for a number of years, this established a "custom and practice" contract which the editor could repudiate only if he could show that he had good reasons.

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Mr. Tether said that in his opening statement, Mr. Morrison had said that the quality of his work had deteriorated beyond a point compatible with the requirements of a quality newspaper. Mr. Fisher had repeated those "charges" to the tribunal.

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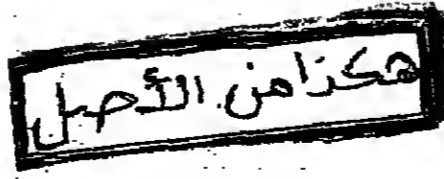
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Advertisement for electrocomponents limited. Includes an interim statement table with columns for Half Year to 30 Sept. 77 (unaudited), Half Year to 30 Sept. 76 (unaudited), and Full Year to 31 March 77 (audited). Rows include External sales, Profit before taxation, Corporation tax at 52%, and Profit after taxation. Also includes text about trading results and tax provisions.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Last Tuesday and Friday we examined the reasons for the low status of manufacturing in the U.K., compared particularly with Germany, Japan and Sweden. To-day's contributor places much of the blame on the way we confuse scientists with engineers

Why Britain undervalues manufacturing

BY MICHAEL FORES

WHEN Werner von Braun died this summer, one national newspaper reported the fact in two places in the same issue. For his work on rockets which produced V2's, he was described as an "engineer"—in line with the title he had in Germany when the work was done. For his work on rockets which went into moon shots—which he did in the U.S.—he was described as a "scientist". This may, of course, have been a slip of the pen; but it may have stemmed from a realisation that only the English-speaking people believe—mistakenly—in a sort of "salvation by science" which turns knowledge directly into hardware.

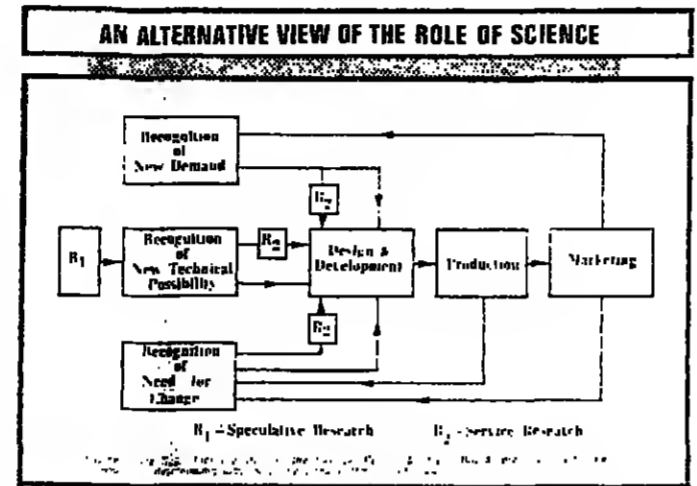
This misapprehension has distorted the continuing debate about Britain's troubled performance in manufacturing. It helped to cause the relatively low rating of technical jobs in industry, as compared with other countries; now that the serious implications of this imbalance have been realised, it is confusing the discussion about how the balance should be rectified through improved public policy and company practice.

Innovation

A modern industrial nation must live by technical advance in manufacturing—not only the radical, or discontinuous, innovation which may produce rockets, x-ray scanners or float glass, but the less dramatic, continuous, variety which takes place every day. A string of studies on technical advance—often calling it "technical change"—to avoid any implication of moral judgments—have established that it is far less affected by laboratory discoveries than many people

think that although science is important in manufacturing, technical change is not usually caused by the new use of scientific knowledge. Change should instead be related directly to technical and commercial skills.

In spite of all this evidence, speakers of English have come to think of technical and engineering work in manufacturing and elsewhere as "applied science", as if the scientists do all the difficult work, while the engineers simply do what they are told. A 1957 report of the British Association for the Advancement of Science even went as far as to equate technical progress in manufacturing with "the speed of application of science". People whom German speakers would automatically think of as being engineers, we English speakers are apt to describe as "scientists".



Essentially, the English speaker tends to think of the process of manufacturing as a Science Technology Hardware (or STH) sequence. Central to this is the idea of technology, as a sort of handmaiden of "science"; events in science are held to determine events in technology, which in turn determine events in the manufacture of hardware. Most foreigners do not view manufacturing in this way; indeed, most of the facets of this sequence are misleading.

First, take the term "applied science". Science itself is merely public knowledge of events of any kind, be they natural or social or whatever. This knowledge, expressed on paper, can be freely transmitted from person to person. No one knows when a piece of public

knowledge is used, as no one has to signify the use. So there can be no "pure science", as no one can be sure that any body of knowledge has not been applied, or will not be applied, for use. Therefore, there can be no "applied science" in contrast.

Second, take the term "technology". One of the foremost historians of (natural) science, Derek Price, said that: "We make statements about the importance of science and technology whenever we want to get money, or whenever we want to get out of responsibility, or whenever we want to get status for ourselves, or put somebody else down."

More than this, "technology" is the invention of the academic who wants to discuss a manufacturing process he does not understand. "Technology" is, *par excellence*, the outsider's description for parts of manufacturing. I have never read a study on the specific subject of technology which makes sense of old steam engines, by Watt and others, which pound away from time to time in the main hall. One of the museum's own guides admits that the making and development of these contrivances did not depend to any significant extent on the new use of scientific knowledge—instead, it was continuous, with one version leading on through small changes to the next, many of the versions being made by down-to-earth craftsmen like Newcomen.

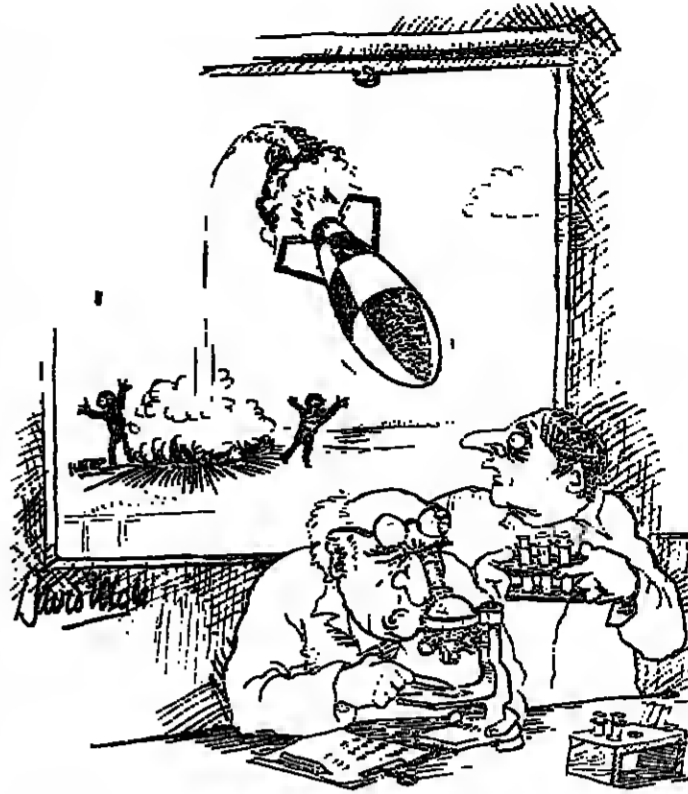
I have elated empirical evidence that the key villain of this piece, the STH concept of technical change in manufacturing, does not make sense as a useful tool for thought, analysis and policy. Despite growing acceptance of this evidence, the model lives on through its component parts, which have been enshrined in our speech.

Tinkering

Even to ask whether it was "science" or "practical tinkering" which caused the changes of the industrial revolution of 1760-1840 betrays a fundamental lack of understanding of the process of manufacture; for the question can never have a worthwhile answer.

One might as well ask whether consumption of food, or motivation to succeed, was the primary source of Beethoven's achievements in writing symphonies, or Rembrandt's in painting self-portraits. Obviously both were needed as essential preconditions for the full achievement; in each case, but few people would be bold enough to attempt to rank the two factors by importance.

Making manufactured goods will, I believe, always be essentially concerned with trial and error methods, however much knowledge of natural and other events is available to the engineer. Engineering and manufacture will never become sciences, or even "applied science," by the nature of the problems which practitioners face. Engineers will always essentially be "practical tinkers" in the scornful description of the academic, and fixers; they will never become scientists and sages—who themselves could



"Ignore it—it's only some engineer tinkering about."

and it is quiet reasonable to argue that air and food are even more important.

There would obviously have been no life, and so no technical advance in hardware, without men who need both air and food. More to the point, there would be far less technical change if able people were not motivated to perform challenging tasks. But none of these arguments suggest that technical

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Tuesday November 1 1977

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Singapore

Singapore has made remarkable progress in recent years in building up an efficient industrial sector while maintaining a stable currency, low inflation and moderate unemployment. But the political climate under Prime Minister Lee Kuan Yew is drifting towards a greater degree of authoritarianism.

Model ready for overhaul

by Charles Smith

ANYONE WHO arrives at Singapore's Paya Lebar airport on business or pleasure is likely to grasp fairly quickly that the republic is a place where rules are made to be kept. The immaculately dressed female health inspectors do not merely flip through your vaccination certificate in the cursory way normal elsewhere in the region. They check whether your small passport is up to date and direct you politely but firmly to the nearby office for immediate inoculation if it is not. (or that matter, if the certificate is up to date but has not been signed.) As you drive into town you will become aware of various signs in which Singapore's 2.3m people are guided and admonished by the authorities. Singapore's buses now invariably carry two sets of stickers which now house half the population in their rear windows, one labelling them as "Singaporeans" and the other as "foreigners".

warning about the dangers of drugs, the other exhorting drivers to behave themselves ("Don't road hog", "Keep in lane", "It's polite to give way," etc. The bus stickers are part of an extremely thorough official campaign aimed at keeping the traffic flowing and minimising accidents which has a major effect on the life of anyone living on the island.

You can be fined anything from \$512 to \$650 (£3-12) for crossing the road in the wrong place. Taxis may not stop on a double yellow line (which means in most central streets) to pick up passengers, any vehicle entering the so-called "restricted area" of downtown Singapore during busy times of the day has to pay a substantial entry fee (which certainly keeps the traffic flowing but can't be made to be kept. The immaculately dressed female health inspectors do not merely flip through your vaccination certificate in the cursory way normal elsewhere in the region. They check whether your small passport is up to date and direct you politely but firmly to the nearby office for immediate inoculation if it is not. (or that matter, if the certificate is up to date but has not been signed.) As you drive into town you will become aware of various signs in which Singapore's 2.3m people are guided and admonished by the authorities. Singapore's buses now invariably carry two sets of stickers which now house half the population in their rear windows, one labelling them as "Singaporeans" and the other as "foreigners".

The traffic rules and the air-port health regulations are merely two examples of the network of constraints, incentives and disincentives which make Singapore one of the most "governed" democratic states in the world. The complexity of Singapore labour legislation is great enough to trip up any unwary union which might be attempting to stay outside the fold of the national Trades Union Council (a body which, in fact, is closely affiliated to the ruling People's Action Party).

The conditions for allocating flats in the massive Government-owned and operated estates are designed to ensure

impersonal fairness but actually leave people relatively little choice about where and how they live their lives. Birth control has been more successful in Singapore than almost anywhere else in the world, not only because all the known methods are freely and cheaply available but because of the variety of ways the Government has managed to think up for discouraging people from having larger families.

Efficient

The effect of the system has been to make Singapore into a pleasantly efficient modern city with a high standard of living (over ten times that of Indonesia), a first-class reputation among international bankers and investors and a remarkable record of economic growth and diversification. Singapore's economy today rests on a combination of traditional entrepot trading activities (thanks to which its port is the third busiest in the world), modern industry, tourism and banking. It has developed the last three more or less from scratch since cutting its ties with Malaysia in 1963 (a move which at the time looked like turning the island into an unviable "mini-state").

Judged by growth in GNP rates alone the island's performance has been truly remarkable over the past ten years: it recorded an average

real GNP growth of 12.8 per cent per year from 1966 to 1973 and is aiming, with some apparent chances of success, at maintaining a rate of somewhere between 6 and 8 per cent in the aftermath of a "break" in growth caused by the oil crisis.

Rapid and sustained economic growth alone is not the only basis for Singapore's claim to represent an outstanding economic success story. It has managed, even in the wake of the oil crisis, to combine virtually full employment with an extremely low level of inflation. Another achievement has been Singapore's record of balance of payments stability and currency strength during the period in which it was launching its industrial sector.

The snag to all this, if in fact there are any serious snags, depends on the point of view of the observer. Singapore's own leaders seem to believe that the major risk to the island's continued progress is a softening of the work ethic of the Singapore labour force. Prime Minister Lee Kuan Yew has stressed this theme repeatedly in recent speeches, encouraging Singapore businessmen, for example, to "sweat it out" to sell more in the Middle East, or warning the new English-educated generation of secondary school graduates not to be so reluctant to undertake "dirty" jobs.

Singaporeans must try harder, the Government is saying,

because the Republic's livelihood depends on a continued inflow of foreign investment, and the investment will not keep on coming if other nations in the region establish a competitive edge. The key factor is that Singapore's wages should rise less rapidly, or at least no more rapidly, than those of countries like Korea, Taiwan and Hong Kong which are trying to attract the same kind of investments and to export to the same developed markets as Singapore. To ensure that this will not happen the Government operates an incomes policy through the tripartite National Wages Council (representing government, labour and business), which has, in fact, kept wages growing more slowly than elsewhere in the region for most of the past four years.

A wider view of Singapore's performance is bound to take in other social factors and problems. These include: the growing drug problem on the island (one of the few things the Government has not managed to handle effectively up to now, faded out of existence. One reason for this rather overwhelming record is that no-one else has managed to suggest a better way of running the country. Another set of reasons involves the constraints on individual liberty (detention without trial, controls over the Press, etc.) which Singapore inherited from the British colonial era, but which have

These problems suggest that a fair proportion of Singaporeans, including quite a large number of young adults, cannot tolerate the strain of living in the fast moving, highly disciplined society that Singapore has become. The risk of any widespread revolt against the system is minimal because the Government is alert to social problems (although somewhat brisk in its ways of dealing with them). What does appear possible is a decline of "morale" which could make Singapore less resilient than before and less able to stay the pace against its larger neighbours.

Problem

Another problem concerns the Peoples Action Party Government itself. The PAP has now been in power continuously for the past 18 years, winning all the seats in Parliament in the last three elections and dominating the political scene to an extent where organised opposition parties have virtually faded out of existence. One reason for this rather overwhelming record is that no-one else has managed to suggest a better way of running the country. Another set of reasons involves the constraints on individual liberty (detention without trial, controls over the Press, etc.) which Singapore inherited from the British colonial era, but which have

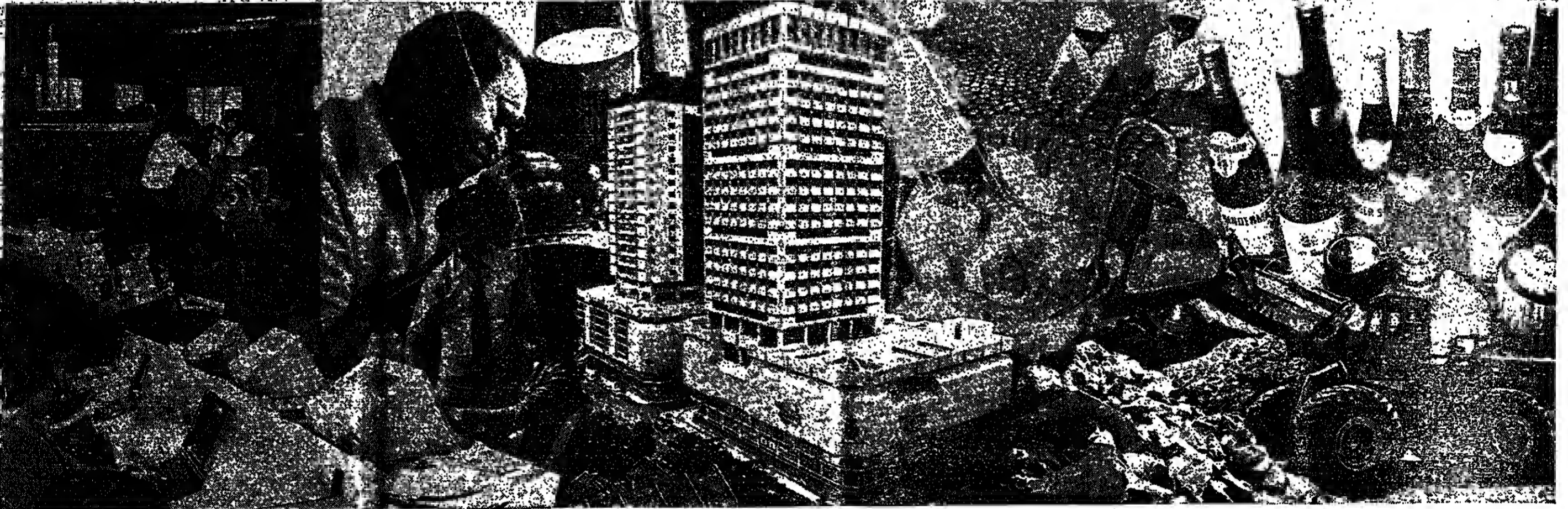
tended to become rather tougher in the recent past. Individuals can be and are detained for criticising the PAP in ways which the Government considers smack of Communist propaganda, although they will normally be released after confessing their "errors" (and in certain cases after being treated in a fairly unpleasant way by the internal security department). No-one suggests that the PAP, despite its 18 years of power, has become a corrupt or decadent Government, but it has shown signs of drifting towards greater authoritarianism. The dominance of its leaders also means that there could at some stage be a serious succession problem.

The PAP's own recipe for dealing with the succession problem has been to "induct" into the party from the bureaucracy and from business, journalism and the academic world, able young men who can be tried out as "apprentice" politicians and given ministries if they perform satisfactorily. The "induction" method has given the party plenty of new young talent but it has not encouraged the airing of many new ideas about where Singapore ought to be heading in future. There is a fear (shared by some people in the Government) that it may also not be producing people with the political sensitivity needed for ultimate leadership of the country.

How the succession question will eventually be resolved is

BASIC STATISTICS	
Area	226 sq. miles
Population	2.3m.
GNP	\$S14.4bn.
Per capita	\$S6,260
Trade (1976)	
Imports	\$S22.4bn.
Exports	\$S16.3bn.
Imports from U.K.	£168m.
Exports to U.K.	£94.4m.
Currency: Singapore dollar	
	£1=\$S4.41

anyone's guess and will probably remain a matter of guesswork for some time, given that Prime Minister Lee Kuan Yew is still only 54 and in apparently excellent health. What seems rather more certain is that Singapore has reached a point where some new ingredient is needed in the mixture of policies which have worked so well up to now. The Republic's democratic credentials have been questioned recently in the West, which may worry Mr. Lee more than he cares to admit. On the economic front the time may have come to re-examine the ways in which Singapore should be trying to compete with hard driving and larger neighbours like Korea and Taiwan. Singapore has been a model for small, new industrial states all over the world, but the model itself probably now needs some overhauling.



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a host of consumer and industrial products. Our heavy equipment, tractor and agricultural implement dealerships are dynamic and profitable. Sime Darby has also developed progressive supporting activities in the field of general trading, particularly in its joint venture with Pernas, the Malaysian Government's national trading corporation. Calculated diversification into the markets of Asia and the world. Singapore and Malaysia have been our traditional bases. But we have also moved into many other competitive markets throughout Asia and around the world. In Hongkong, we're leaders in engineering contracting, motor vehicle distribution and food and beverage manufacturing and distribution through our subsidiaries, China Engineers and Amoy Canning. In Indonesia, we have interests in property developments, plant hire and the manufacture and distribution of security equipment.

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SINGAPORE II

Economic success

ON THE surface, and by the standards of most other countries, Singapore would seem to have sailed through the world recession with remarkably few problems.

was specifically mentioned as an example of a more strenuous effort leading to better results than Singapore has been achieving lately.

Other ministers, both publicly and privately, have also been expressing concern about Singapore's economic prospects.

By way of example, the Deputy Prime Minister, Dr. Goh Keng Swee, said in a recent interview that export-oriented growth would become "far more difficult" for Singapore in the next five years that it was before the oil crisis.

By last year, however, things were back under control. GNP growth, at 7 per cent, was higher than that in most surrounding countries (though not quite as high as in Korea, one of Singapore's chief industrial rivals in the region).

Unemployment stood at 4 per cent (but with the proviso that Malaysian guest workers were more numerous than the unemployed and that many of those registered at labour exchanges were in fact simply looking for better jobs).

The cost of living on the government's official index actually fell by 2 per cent — largely because the food products which make up a large part of the index were getting rapidly cheaper.

This year looks like being as good a year as 1976, at least if one goes by the indicators just cited. The economy will probably once again register a real growth of 7 to 8 per cent. Prices will be up slightly but, by the standards of any advanced industrial country, certainly not by much.

Contrast

The background to these comments, and the reason for the apparent contrast between satisfactory economic performance and official pessimism, would seem to include the following: 1—Singapore's PAP Government makes a point of highlighting the problems facing the island's economy for the benefit of the local trade union movement which is being asked to accept fairly severe annual guidelines on its wage increases (6 per cent for the current year).

The Government is currently emphasising aircraft components, fine chemicals and electronic components (as opposed to the simpler forms of electronic assembly which are shifting to low wage countries like Indonesia and Malaysia). It has already managed to induce investments in all these sectors.

But other sectors, such as textiles, saw mills, and shipbuilding, which have provided part of the bread and butter of Singaporean industry in the past, are looking chronically weak and (in the case of the two former) may have to be completely phased out in future.

The Government is currently emphasising aircraft components, fine chemicals and electronic components (as opposed to the simpler forms of electronic assembly which are shifting to low wage countries like Indonesia and Malaysia).

Singapore's strong points in the foreign investment race boil down to the use of the English language, a sizeable regional market for its products in other South East Asian countries and the government's extremely liberal treatment of foreign capital (tax holidays of up to 10 years available on favoured projects), complete freedom to remit profits and no barriers to 100 per cent ownership of investments.

Several of the same advantages explain why Singapore has done remarkably well in some non-industrial sectors such as tourism and the creation of a regional financing centre.

The island is now the biggest recipient of tourists in the Far East (in terms of numbers of visitors per year, not necessarily of expenditure) and numbers are expected to grow until the early 1980s, eventually far exceeding the number of people who actually live in Singapore.

Guess

A conservative guess at Singapore's economic growth prospects in the next few years has its economy growing at perhaps a couple of percentage points more than the average for industrially developed countries (i.e. around 5.5 per cent).

If this turns out to be right, Singapore in the late 1970s and early 1980s might well no longer be the pace-setter (in terms of percentage growth rates) among South East Asian countries that it was in the 1960s.

Neighbouring countries such as Indonesia or Malaysia, with rich natural resources and with rapidly growing markets for them, could grow faster than Singapore in the next decade instead of more slowly as they tended to do in the last one.

The growth of its neighbours' economies, however, stands to benefit Singapore directly — always provided that

it can keep one or more jumps ahead in the game of supplying sophisticated services and products. Singapore's current level of economic development (per capita income is over \$2,000, in any case, puts it perilously near the level at which it risks being classified as a developed country by international financial institutions, and by industrialised preference systems (GPs).

This constitutes yet another hazard in the path of further rapid progress — but one which, like several others, is a function of success which has already been achieved.

Singapore's international financial centre, which now employs the equivalent of one tenth of the people employed in industry and is a substantial though not accurately estimable earner of invisibles, flourishes because the island has the best communications in its region (including telex and telephone) and a time zone position which makes business hours overlap with both Japan and Europe.

ing a communications crossroads and providing efficient and attractive hotels and shopping facilities.

Singapore, like Hong Kong, has discovered the secret that being a free port is one of the key conditions for becoming a successful tourist centre in Asia.

Its largest single national group of tourists — from Indonesia — apparently comes to the island mainly to shop. So, in part, do the Japanese who can buy Japanese goods in the two Japanese department stores minus the sales tax they would have to pay if they did their shopping in Japan.

Singapore's international financial centre, which now employs the equivalent of one tenth of the people employed in industry and is a substantial though not accurately estimable earner of invisibles, flourishes because the island has the best communications in its region (including telex and telephone) and a time zone position which makes business hours overlap with both Japan and Europe.

Its pre-eminence in being a regional financial centre is not unchallenged — both Hong Kong and Manila have some claims to share the title. But the government's problem in the recent past has been to decide how many banks it should admit from the long queue which are applying to open Singapore branches.

The ASIADOLLAR market remains very much a bankers' market in Singapore, while Hong Kong continues to reinforce its role as a major syndication centre for Asiadollar loans to the non-bank market. There is evidence, however, that Singapore is beginning to make up some leeway in this respect.

No less than 75 per cent of the total assets (\$U.S.18.3bn.) of the Asiadollar market in Singapore as at the end of July was in the form of interbank loans, according to Monetary Authority of Singapore (MAS) figures.

While the authorities in Hong Kong do not publish equivalent figures, it is safe to assume that a much smaller proportion of the Asiadollar market there takes the form of inter-bank lending and that a much bigger proportion consists of loans to corporate and government or semi-government borrowers.

At the same time it is probably fairer to separate the more incoherent side of the market — inter-bank lending — from Asiadollar lending to outside borrowers, and then it can be seen that there has been some growth, albeit modest, in the Singapore market.

How much this particular growth will accelerate depends on a variety of factors, among which the acknowledged supremacy of Hong Kong in this particular sector of the Asiadollar market is only one. There is the generally uncertain outlook effecting capital investment by corporate borrowers and the particular uncertainties affecting government borrowers, such as Indonesia, which traditionally are orientated towards the Singapore capital market.

What growth there was in Singapore ACU loans to non-bank customers in 1976, was largely channelled to Asian governments, the manufacturing and transport, storage and communication industries and to financial institutions, according to MAS. "Significant" amounts were also extended to foreign governments and to the commerce, service and shipping sectors outside Singapore.

Meanwhile, growth in the inter-bank section of the Singapore based Asiadollar market was influenced largely by exchange rate developments. MAS said: "Larger inflows from Britain and France were recorded when sterling and the French franc were under pressure as holders of these currencies switched into U.S. dollars."

The rapid growth of inter-bank activities probably also reflected the role of the ACUs in funding overseas banks' involvement in financing balance-of-payments deficits and refinancing maturing external debts of some of the developing countries.

If activity was slackier in the short-term end of the non-inter-bank lending, which grew by one-third to \$U.S.14.216bn. Loans to non-bank customers, on the other hand, grew a little under 10 per cent to \$U.S.4.187bn. over this period. The overall size of the market contracted slightly in July to \$U.S.19.428bn., reflecting a fall in inter-bank funds rather than loans to and deposits from non-bank customers, which continued to show steady growth.

The MAS suggested that "an unwinding of mid-year positions and movement out of the U.S. dollar" had probably influenced the fall in inter-bank activity in the market.

This reinforces the view expressed by one Singapore merchant banker that "Singapore Asiadollar market is largely only a resting place for money that is sloshing around the world — a balancing factor in the 24-hour banking game."

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Promising future as Asiadollar centre

ASIAN DOLLAR MARKET; ASSETS AND LIABILITIES OF ASIAN CURRENCY UNITS (end of period) (\$U.S.m.)

GROWTH OF THE ASIAN DOLLAR MARKET. Table showing total assets/abilities in \$U.S.m. and annual growth rate per cent from 1968 to 1976.

UNITED CHASE MERCHANT BANKERS LIMITED. Financial Services in Southeast and East Asia. List of services including Loan Syndications, Asian Dollar Finance, Corporate Finance, etc.

ASIAN DOLLAR MARKET DISTRIBUTION OF SOURCES AND USES OF FUNDS. Table showing distribution of sources and uses of funds from 1970 to 1976.

Unusual view of democracy

SINGAPORE IS a guided most articles politician in democratic system. Western South East Asia and as much style of democracy in the one whose views on democracy with detention without trial and international protection of the Press. His immediate concern is to get the biggest amount of news coverage in Western newspapers of a single set of leaders papers. His immediate concern is to get the biggest amount of news coverage in Western newspapers of a single set of leaders papers. His immediate concern is to get the biggest amount of news coverage in Western newspapers of a single set of leaders papers.

The system works in the sense that Singapore is an orderly place where Communism is not quite as serious a threat as it is in other parts of the world. The PAP and its leaders run the country, and its system they do it is in fact a kind of quick backward glance at the party's history. The PAP emerged in a turbulent time, the early days of the Chinese Middle School Students' Union, maybe 'the People's Action Party' (PAP) was founded. On its way to power, the PAP went through an acute mid-1950s 'became' Prime Minister in 1959 and has since ended in the victory of its country ever since.

It reacted by arresting the paper's managing director under the Internal Security Act (the is still in prison) and, subsequently by introducing legislation which prevents individual proprietors from "dictating" the editorial policy of daily newspapers.

The 1974 Newspapers and Printing Presses Act, which was amended and tightened in 1977, actually does a good deal more than just break the control of individual proprietors. By introducing the device of "management shares," whose holders can be nominated by the Government, it gives the authorities a decisive say in the management of major newspapers. A one-year licensing system gives the Government powers (which it has not scrupled to exercise) to close down newspapers it considers dispensible or undesirable. In the 1977 amendment to the Act, it becomes illegal for any individual, from December onwards, to hold more than 3 per cent of the Ordinary shares of a daily newspaper.

The 1974 and 1977 press legislation (which does not include direct censorship) although books and films are included into Singapore are sorted) has arguably produced a press which is more docile and a faithful and full replay of ministerial statements on its out. Unions which stay in Singapore are apt to find themselves entrapped sooner or later in Singapore's extremely complex labour legislation (or even on occasion to find their leaders being detained).

Excessive

There also appears to be relatively little discussion in the press of what the Chinese business community evidently regards as the excessive encroachment on the private sector of semi-public business organizations such as the Development Bank of Singapore and Intraco (a "state trading" organization in which the Government owns 40 per cent of the shares). Information which is not publicly available in Singapore, and which the press seems to refrain from offering any estimates, include the size of Singapore's armed forces and the value of the Republic's trade with Indonesia (a sensitive point because quite a lot of it consists of goods which are smuggled through the Indonesian customs).

What the press does offer is a faithful and full replay of ministerial statements on its out. Unions which stay in Singapore are apt to find themselves entrapped sooner or later in Singapore's extremely complex labour legislation (or even on occasion to find their leaders being detained).

The official reaction of Singapore's leaders to such criticisms tends to be in point out: (a) that Westerners do not understand how members of an oriental society such as Singapore really feel about the way they are governed and (b) that it suits Singapore to have an international image which stresses discipline rather than liberalism. If, despite all this, some PAP leaders feel there may be some substance in foreign criticisms of Singapore's politics, they are certainly not going to say so.

Year	Number of issues	Value of issues (\$U.S.m.)	Maturity of issues (\$U.S.m.)		Average coupon rate (per cent.)
			Up to 7 years	Over 7 years	
1971	1	10		10	8.50
1972	2	51		51	7.38
1973	3	70		70	7.00
1974					
1975	2	47	32	15	9.23
1976	3	265.7	208.7	60	8.44

Source: Monetary Authority of Singapore

Future

Continued from previous page

being the first Singapore company to make an issue in the market. The strength of its own credit rating, Koppell's latest Asiadollar borrowing—a \$US100m bond—was announced at the end of September. This makes a total of four Asiadollar bond issues in Singapore, with a total value of \$135m. The Singapore government has chosen the Japanese domestic capital market in which to float some substantial Yen loans over the past year.

Since the Asiadollar bond market came into existence in Singapore with the floating of a \$US10m issue by the Development Bank of Singapore in the December 1971, some 20 bond issues have been listed on the Singapore stock exchange representing total borrowings of \$US520m. Compared with a world-wide market for bonds of around \$US12.5bn, this figure looks modest.

One limiting factor, clearly, is the size of the Asiadollar pool. Last year the Asiadollar market continued to be a net taker of funds from Europe, particularly from the London-based Eurodollar market, from the U.S. and—markedly—from the Middle East.

In fact, only around 20 per cent of the Singapore market's total funds were from Asian sources at the end of 1976, according to MAS. On the other hand, about 80 per cent of the market's total funds were utilised in Asia, particularly in the ASEAN countries, and in Hong Kong and Japan.

Loans to non-bank customers constitute approximately 25 per cent of total assets. Borrowers are mainly multinational corporations and resident companies engaged in export business. Other borrowers include foreign governments, which need funds to finance the foreign exchange cost of development projects or to meet liquidity needs. About three-quarters of loans to non-bank customers are absorbed by non-residents. Loans in the form of bills discounting is a negligible part of total lending. Loans to non-bank customers are channelled to a number of sectors, with approximately 30 per cent being absorbed by the manufacturing sector.

The argument is often heard (mainly in Hong Kong) that the so-called Asiadollar market is no more than an extension of the Eurodollar market or indeed of the international bond market. Asiadollar loans are often syndicated and placed in both principal markets.

Even so, the Asiadollar market is likely to merit more the designation as a separate entity as it continues to grow.

According to MAS, loans to the Asian countries are expected to increase, particularly in view of the high growth potential for this region.

Just who will benefit most from this projected increase in loan activity—Singapore or Hong Kong—remains to be seen, however.

According to a recent survey by Euronomy, a clear trend now emerging is for Hong Kong to reinforce its role as a major syndication centre while Singapore remains an inter-bank funding centre. Over half the syndicated loans made to the principal borrowers in the Far East over the past year have been syndicated and lead managed by Hong Kong.

Of the magazine said, "Of the 46 loans raised between June 1976 and June this year, 25 were put together and syndicated from Hong Kong while only six were from Singapore."

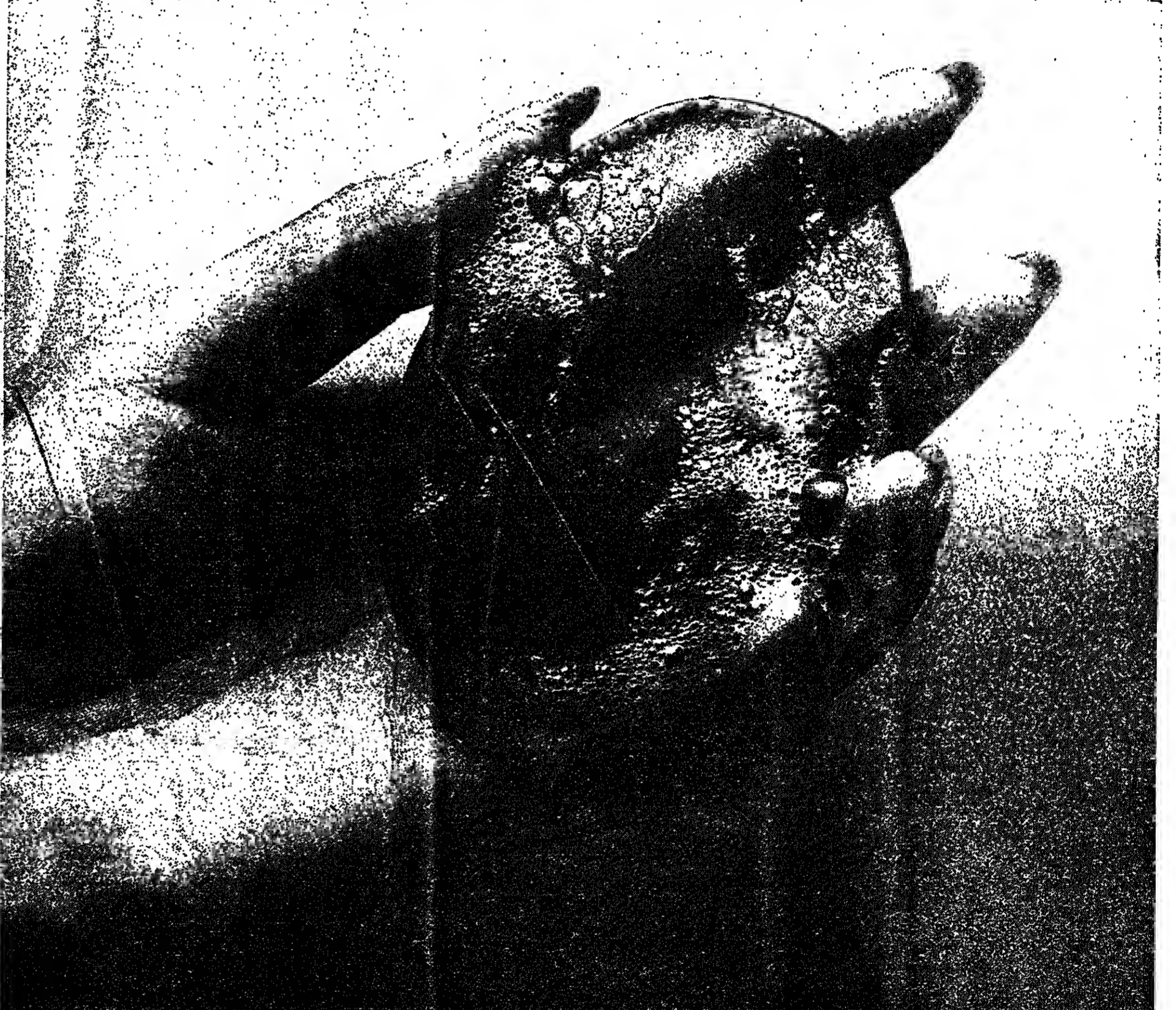
This meant, said Euronomy, that there was no longer an obvious need for a bank wishing to syndicate loans in the Far East to establish a merchant bank in Singapore, although there was still an incentive for it to establish an ACU in Singapore for funding purposes.

While some of the larger banks syndicating loans from Hong Kong can raise funds of \$US100m or more, the more usual practice is for them to obtain at least partial funding from the ACU branches in Singapore and then book the loan to Hong Kong. Offshore business does not attract tax in Hong Kong which it does still in Singapore despite a series of concessions by the Government in recent years. Bankers say that the appetite of Asian investors for fixed interest US dollar bonds is increasing and it is likely to continue doing so while share market activity in the region remains dull. This would suggest an improvement in the capacity of Asian market to absorb bond issues and reduced needs to look to bond placements in the European and U.S. markets.

Whether such a tendency would aid Hong Kong more than Singapore is difficult to tell, but one argument is that flight funds—hot money—and their way more readily and in greater volume to Hong Kong than to Singapore. On the other hand, it can be argued that Singapore's role as an Asiadollar financing centre will increase as corporate borrowers in the ASEAN region develop a requirement for larger and more sophisticated forms of funding. Manila's emergence as an offshore capital market could present a greater threat to Hong Kong than in Singapore, if only because of proximity.

While Manila intends taxing its OBUs (Offshore Banking Units) at a low rate of 5 per cent, even though Hong Kong levies no tax at all on offshore operations, the Singapore monetary authorities have recently made it clear that they do not intend to remove the remaining 10 per cent tax on income earned by banks on their offshore Asian dollar loans.

Apart from the revenue benefits which this tax brings, the Singapore authorities do not want to allow the impression of Singapore as a tax haven, which they fear the abolition of the tax would create.



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SINGAPORE IV

Foreign relations

FOR A nation of 2.3m. people with a land area roughly the size of the Isle of Wight, Singapore has been remarkably successful at making its voice heard around the world.

The effect of the Vietnam debate and the U.S. military withdrawal from the region on non-Communist South East Asian governments was to encourage a general burying of mutual differences (for example, the Philippines' claim to Sabah) and to prompt a more serious look at opportunities for economic co-operation.

Committed

The ASEAN member countries have been committed since their second summit last August to a timetable of liberalising 50 tariff items per quarter (for each country) and to a series of five "ASEAN projects" which will take the form of major industrial plants to be established in each country with guaranteed access to the markets of the other four.

Issues like these (combined, at one time, with a considerable lack of basic understanding and sympathy) have kept bilateral relations with Indonesia and Malaysia in a state of chronic tension in the past and can still produce problems today.

likely to promote further progress in ASEAN than internal exhortation, and is therefore keeping a close eye on the attitudes of two non-ASEAN powers. The first is Japan, whose recently enunciated policy of establishing a "heart-to-heart" relationship with non-Communist South East Asia has been cautiously and sceptically welcomed.

Communist

The other area of international relations which matters profoundly to Singapore is, of course, the involvement in the region of the two communist great powers. The official doctrine on this is that it is better for two powers to be active in the region than one (and, for that matter, better three powers than two).

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Even so, the barometer of manufacturing investment in Singapore—as in other developing and less developed countries—has been falling ominously, at least in terms of investment intentions. So far the storm has held off. Whether it can be averted altogether depends largely on the so far unpromising rate of economic recovery in the leading industrialised countries.

The Soviet presence in Singapore currently consists of a large and active embassy, a joint venture participation in a Jurong fish processing plant and a branch of the Moscow Narodny Bank, which is lavishly generous in its loans to small Singaporean businessmen.

China's presence on the island for the moment lags a step behind that of Russia. There are no diplomatic relations and Singapore has stated a doctrine of being the last ASEAN member to establish them (ostensibly because it fears upsetting its neighbours by appearing to seek a special relationship with Peking).

The investment climate

Meanwhile, the manufacturing sector in Singapore remained relatively buoyant in terms of output and employment. The go-ahead for the 300,000-tonnes a year ethylene complex, which is due on stream in 1981, will raise capital spending considerably over the next three years and should employ around 2,000 people eventually.

Total investment commitments in manufacturing which peaked at close on \$51bn (\$15,400m.) in 1973 (see graph) had fallen to less than half that sum by 1975 and last year declined further to \$334m. This period embraced the world recession and some countries have recorded a much worse performance, however.

Within this total, the profile of foreign investment commitments—by far the most important single component—closely shadowed the overall profile, although 1976 saw a slight upturn in foreign investment commitments while spending commitments by local investors turned down sharply.

Actual spending on fixed assets in manufacturing industry by foreign companies held relatively steady at between \$300m. and \$400m. a year up to 1975, following a sharp fall between 1972 and 1973. The 1976 figure has not yet been published but it seems safe to assume that it was around the \$326m. achieved in 1975.

The figures for investment commitments and for actual investment overlap to some extent in that the commitments made in each particular year include projects which are already underway and in the pipeline. They also include investments which are "uncertain" or which are subsequently withdrawn, according to the Economic Development Board (EDB).

Boosted

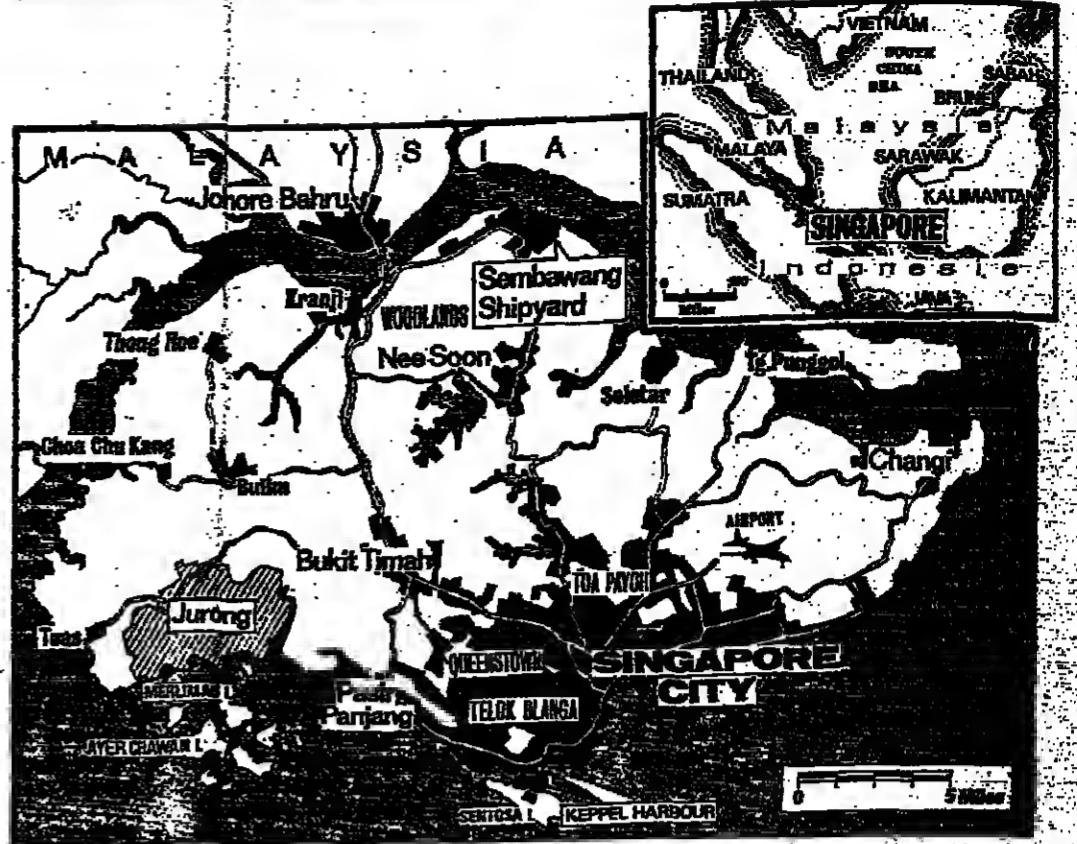
Officials point out that investment commitments three or four years ago were boosted by some large single investments in major installations such as dry docks by the Japanese Mitsubishi and Hitachi groups and by capital intensive oil refinery expansion by Mobil, Shell, Esso and others.

Metal engineering and electrical and electronic industries accounted for 75 per cent. of total investment commitments in 1976. The 153 new projects included in last year's total commitment figure included aircraft components, vacuum heat treatment facilities, liquid crystal displays, quartz crystals, precision investment castings, miniature batteries, ball-bearings, strain gauges, mechanical toys and a range of new consumer electronic products.

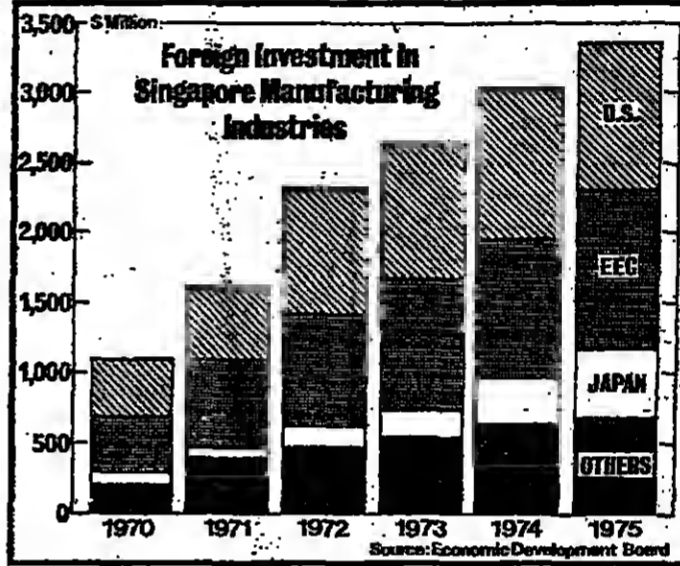
Some idea of the changing profile of manufacturing investment in Singapore can be got from statistics. For example, whereas industrial chemicals represented 56 per cent. of total investment commitments in 1974, by 1976 the percentage had shrunk to 1.4 per cent.

Officials also deny that there has been any conscious change of policy with regard to the award of tax and other incentives in order to attract labour-intensive industries. Equally, however, the official line is: "We would not exclude labour-intensive industries." If there have been any noticeable change of policy in the past year or so, it has been in favour of using the criterion of value added, rather than high technology alone, in deciding which industries to encourage.

Likewise, the proportion of total investment commitments represented by non-electrical machinery was more than halved between 1975 and 1976, from around 40 per cent to 18 per cent. of the total, while investment commitments in transport equipment shrank from 13 per cent. to under 2



last year, exchanges of missions have been plentiful in both directions and Singapore remains a big customer for Chinese consumer goods and cheap capital equipment. China has a long standing financial presence on the island in the form of a branch of the Bank of China and two insurance companies.



Foreign Investment in Singapore Manufacturing Industries. Source: Economic Development Board.

support industries such as component and sub-assembly manufacture, through the provision of tax incentives and capital assistance of the kind provided for foreign investors.

Within the total figure for foreign investment commitments the most marked feature last year was a slump in the level of investment commitments by European Economic Community (EEC) countries. In value terms these fell from \$5181.8m. in 1975 to just over \$551m. in 1976, or from over 45 per cent. of the total to only 14 per cent. The EDB put this down to "economic uncertainties in most EEC countries but it is striking that in the same period U.S. investment commitments in Singapore rose from just under \$550m. to \$1114.5m. (from 12.4 per cent. to 31.4 per cent. of the total).

Japan's share of the total also saw a sharp increase last year from 8 per cent. to 28 per cent. While the experience of one year may be too short to infer a trend, the fact that the slump in EEC investment last year coincided with the noticeably more protectionist attitudes of certain European countries towards certain Singaporean manufactures looks ominous.

In fact, Singapore Ministry of Labour statistics covering the numbers of employed persons (the nearest statistics approached to new job creation) show a rise of 36,900 in total during 1976 over 1975, and in the manufacturing sector a rise of 15,900. So, the manufacturing outcome was better than expected last year, but will probably slow in 1977, while employment growth in services is slack.

Nair attributed the drop in foreign investment commitments in Singapore to a combination of unemployment in major industrialised countries, hesitancy about the political situation in South East Asia, high unit labour cost in Singapore, and declining returns on foreign capital invested in Singapore.

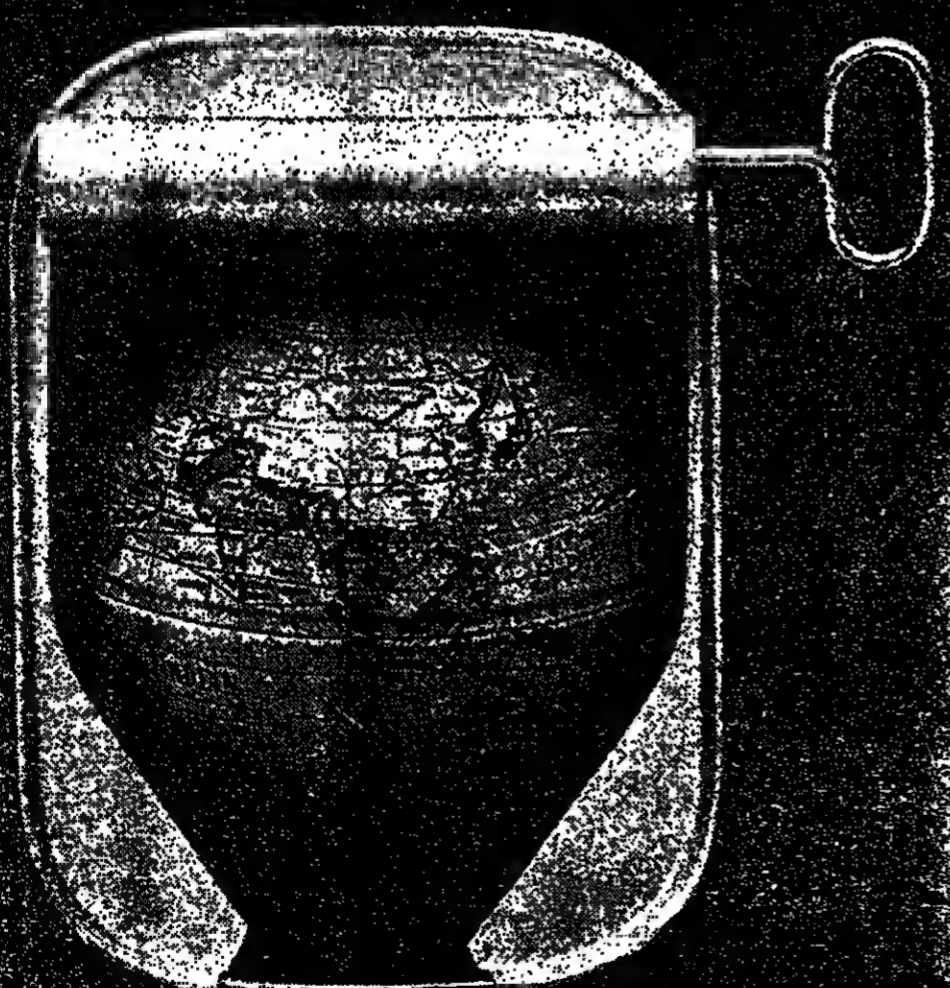
Growth of the manufacturing sector outpaced the growth in total gross domestic product last year—the respective annual percentage growth rates being 11.5 per cent. and 9.6 per cent., according to the Annual Economic Survey. Manufacturing is the second largest single component (21 per cent.) of gross domestic products after restaurants and hotels which represent 27 per cent. of the total GDP of \$14,749bn.

Employment in the manufacturing sector grew by 7.3 per cent. last year compared with a 4.4 per cent. growth in overall employment although the growth in employment in the financial sector (11.4 per cent.) and in electricity, gas and water (25.8 per cent.) was much sharper. Unemployment in all sectors fell marginally last year from 4.52 per cent. in 1975 to 4.45 per cent.

Nevertheless, some disturbing trends appeared in the statistics for manufacturing investment in 1976, such as the fall in commitments by local investors from \$5133m. in 1975 to just under \$570m. last year, or from 33.2 per cent. to 19.1 per cent. of the total. Officials again ascribe this partly to the lack of exceptionally large domestic investments which have distorted the pattern in the past, such as shipyard joint ventures between foreign and domestic partners.

Even so, local investment commitments have shown a steady downward trend since 1973 and the EDB has stepped up its efforts to promote local

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مكازم الأصيل

Trade prospects good

SINGAPORE'S EXTERNAL trade is buoyant at present, supported not only by record world prices for the entrepot commodities passing through the Republic but also by the economic recovery in the developed countries which have ever highest. One factor was, of course, the favourable effect on Singapore's trade from the increase in the price of rubber for which Singapore still acts as the principal entrepot. Even so, after adjusting for price increases, total trade last year still rose by 14 per cent in real terms.

There are clouds on the horizon, however, in the shape of increasing protectionist tendencies in Europe and the United States as well as to some extent in Japan. This is only slightly lower rate so far a threat to Singapore's attempts to diversify its economy and to upgrade its industrial, technical and service sectors.

Last year, Singapore's total trade, in constant prices, rose by an impressive 21 per cent to \$638.7m. at current prices, surpassing the previous peak of \$634.6m. seen in 1974 and contrasting sharply with the 7 per cent decline of 1975.

The growth in exports has been outpacing that in imports, and thus the balance of trade deficit, which narrowed last year by \$37.4m. to \$56.1bn. last year, narrowed by a further \$872m. to \$53.3bn. in the first eight months of this year.

Peak

Total imports into the Republic from all sources last year also reached a new peak of \$224.4m., although the 16 per cent increase this represented was comfortably below the 27 per cent increase in total exports. The expansion was attributed to increased imports of raw materials, semi-manufactured goods and consumer goods for re-export and domestic consumption.

(Despite the adverse balance on external trade, Singapore had an overall balance of payments surplus of \$871.9m. in 1976, due mainly to a high inflow of capital.)

Although Singapore has made great progress in recent years away from dependence on the traditional entrepot trade, that trade is nevertheless still an important element of the Republic's total external trade. Last year, for example, re-exports (which rose by 17 per cent) stood at \$86.9bn. out of total exports of \$116.3bn., or 42 per cent of the total, somewhat above the level around which they have hovered for the past five years.

It is revealing to note that nearly a half of total re-exports were accounted for by exports of rubber, reflecting mainly the shipping and handling of Malaysian rubber. It so happens that the first rubber trees were planted in Singapore in 1877 (from where they were transplanted to Malaya via Malacca) and so the seeds of this entrepot trade were sown just a century ago.

The fact that Singapore's rubber trade increased in value by no less than 60 per cent, to \$83.3bn. last year was a reflection of the boom in world demand and prices of the commodity. This too, incidentally, had a dramatic impact on the trade and balance of payments of neighbouring Malaysia, an economy far more heavily dependent upon primary commodity exports than that of Singapore.

Singapore's re-exports of timber also rose by 64 per cent to \$89.4bn., and the value of pepper re-exports also reached record levels. Again this reflected the general buoyancy in commodity prices, the world commodity price index for industrial materials having risen by 18.5 per cent last year against a 24.7 per cent decline in 1975.

The rise in Singapore's domestic exports last year was even greater than that in re-exports. They were 24 per cent up by value at \$59.4bn. Although petroleum products and fuel oil for ships and aircraft continued to be largely

responsible for this expansion, their share in total domestic exports fell by 4 points to 49 per cent, owing to the growth in exports of other manufactured products. Nevertheless, petroleum exports obviously continue to be a major factor in Singapore's overall economic well-being. They also explain why Saudi Arabia was Singapore's fourth largest trading partner last year, accounting for just under 10 per cent of the Republic's total external trade.

If petroleum imports from the Middle East are a major factor, so too are the exports of refined petroleum products to the United States, for instance, which last year was Singapore's second largest trading partner, accounting for 13.9 per cent of total trade. Another factor here is that the U.S. is the biggest single foreign investor in Singapore manufacturing industry, and the interchange of components, sub-assemblies and completed products between the two countries boosts the trade figures.

The U.S., however, was ousted from first place in the league of Singapore's trading partners last year by Malaysia, which accounted for 14.7 per cent of the Republic's total trade, again due to the boom in commodity prices.

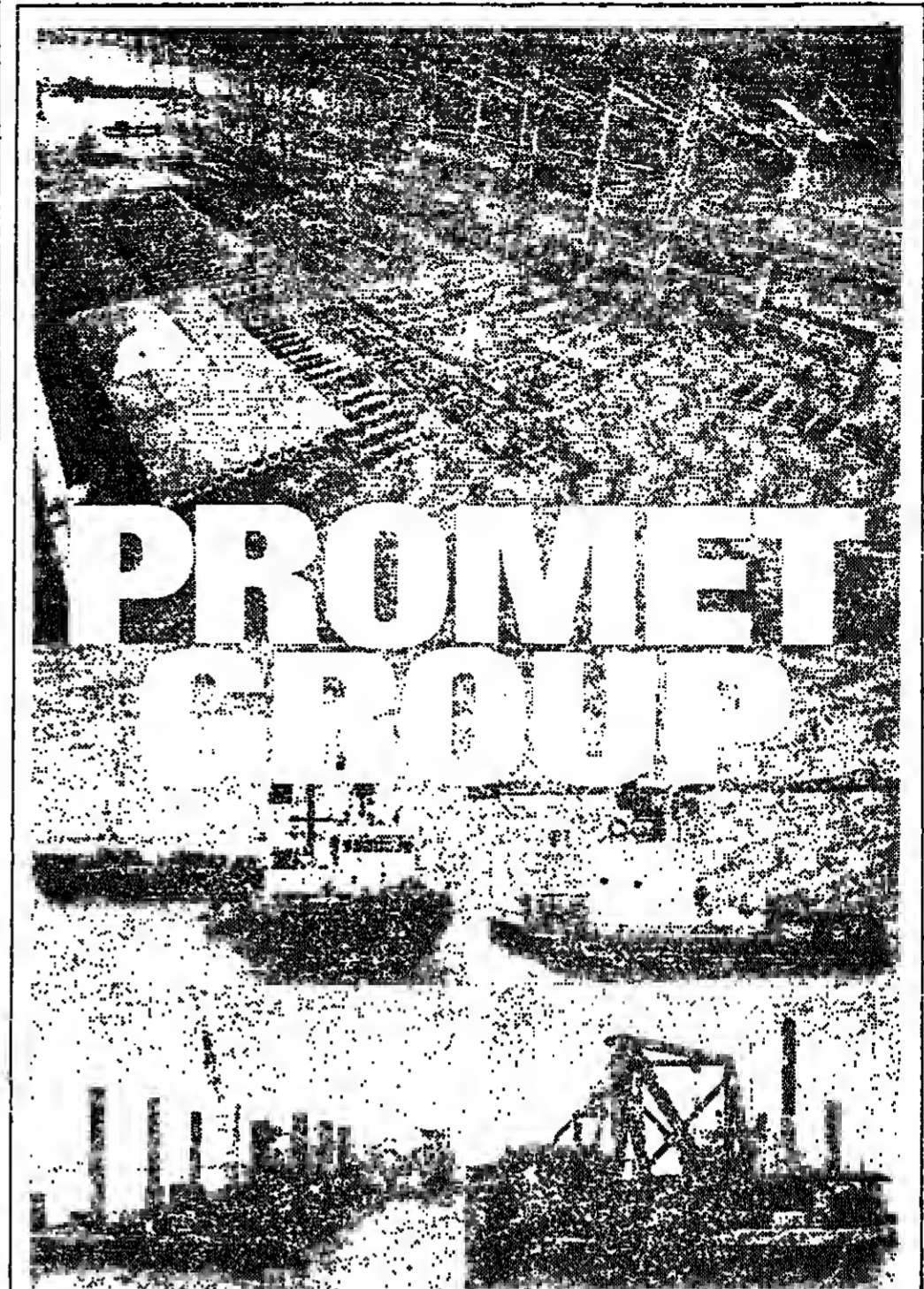
Japan was Singapore's third largest trading partner in 1976, being another big taker of primary commodities via the entrepot of Singapore, although Singapore is currently striving to gain increased access to Japanese markets for its manufactured products, along with its neighbours in the Association of South East Asian Nations (ASEAN).

So far as trade with these ASEAN partners—Indonesia, Malaysia, the Philippines and Thailand—is concerned, progress has so far been disappointing, although there is some basis for cautious optimism over the growth of inter-ASEAN trade in the short to medium term.

The fact that no official figures are published covering the trade between Singapore and Indonesia makes calculation of Singapore's trade with ASEAN difficult. However, IMF "Direction of Trade" figures covering the period 1969-75 suggested that Singapore's trade with ASEAN in 1975 was worth \$US801m.—just 15 per cent of the \$US5.4bn. value of the Republic's world trade in that year.

Moreover, trade within ASEAN as a percentage of total ASEAN trade fell from 15.3 per cent in 1970 to 12.6 per cent. In 1975, as Singapore Prime Minister Lee Kuan Yew noted in a recent speech to the ASEAN economic ministers when he urged them to do what they could to reverse this trend.

ASEAN's adoption so far of 71 products for preferential trading among members, and its efforts to industrialise largely on the basis of import



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DOMESTIC EXPORTS BY COUNTRY, \$Sm.

	1975	1976	% change
U.S.	1,177.2	1,523.3	27.9
Japan	917.2	1,234.4	50.9
Hong Kong	752.5	942.8	20.5
Malaysia	622.5	710.6	5.7
Australia	422.2	580.4	37.4
West Germany	350.9	423.2	17.5
U.K.	234.2	263.2	8.6
Thailand	208.5	250.8	23.9
France	134.7	193.9	69.0
Norway	57.7	181.0	213.7
Netherlands	182.9	184.1	- 5.4
Others	2,400.2	2,596.7	8.5
Total	7,540.3	9,362.4	24.2

Source: Department of Trade.

DOMESTIC EXPORTS BY COMMODITY SECTIONS, \$Sm.

	1975	1976	% change
Petroleum products	3,191.2	3,594.2	12.6
Ships and aircraft stores	849.2	1,046.1	24.5
Electrical machinery	592.2	933.4	61.3
Ships and boats	272.2	337.0	23.3
Telecommunications apparatus	348.2	501.5	44.1
Clothing except fur	236.2	272.9	17.9
Wood (shipped, shaped)	144.7	195.3	35.0
Watches and clocks	84.7	175.4	107.3
Office machines	173.3	165.8	- 11.1
Medicinal products	135.7	122.5	- 12.4
Electric generators	87.6	126.2	44.1
Machines not electrical	367.7	313.3	- 14.8
Scientific instruments	131.2	113.7	- 13.7
Textile yarns	43.5	84.5	92.5
Others	1,102.6	1,352.3	22.6
Total	7,540.3	9,362.4	24.2

Source: Department of Trade.



Main voltage products under test in the new MK Electric factory in Singapore.

Family planning

SINGAPORE'S FAMILY planning programme, introduced in 1966, has been remarkably successful in bringing down the birth rate—in fact it is the most successful country in Asia in this respect. But the methods used, subsidised abortion and sterilisation with strong financial disincentives for families of more than two children, have provoked emotional debate and a great deal of criticism, all the more because they are most effective among lower income groups.

The need for some form of family planning is beyond question. With a population of 3.724 million per square kilometre, one of the highest in the world, Singapore has little room for manoeuvre. In a predominantly Chinese society where many couples want to have large families, the family planning programme met a great deal of resistance when first introduced, especially among the older women in child bearing age. Younger women proved more responsive and, as the older ones passed beyond child bearing age, the percentage of acceptors of the programme rose. But the rising number of women of child-bearing age due to the post-war baby boom kept the population growth rate above target even though the size of families was dropping. In 1972 the Government launched a forceful "Two is enough" campaign aimed at bringing the average number of children per woman from 3.1 to 2.1. This succeeded by 1975 because of the rising number of fertile women, the number of births continued to rise

reaching 42,783 in 1976 after 39,948 in 1975. Much of this is attributed to a higher fertility rate among Chinese women for whom 1976—the Year of the Dragon—was an auspicious year. The number of births should fall in 1977.

The programme was organised in a series of five-year plans. The first, from 1966 to 1970, succeeded in cutting the number of live-births per thousand to 22.1 from 30, against a target of 20. The 1971 to 1975 plan brought this down to 17.8 against a target of 18. The long term aim of the programme is to achieve zero population growth, which is expected to be achieved by about the year 2030. By this time the population will have risen to about 3.5m., but there will be fluctuations in the interim even if the 2.1 children per family rate is maintained because of the currently rising number of fertile women. As a result, a population peak of about 4m. is expected at the turn of the century.

To keep the programme on target the government, through the Singapore Family Planning and Population Board, started the campaign and publicity programme rose. But the rising number of women of child-bearing age due to the post-war baby boom kept the population growth rate above target even though the size of families was dropping. In 1972 the Government launched a forceful "Two is enough" campaign aimed at bringing the average number of children per woman from 3.1 to 2.1. This succeeded by 1975 because of the rising number of fertile women, the number of births continued to rise reaching 42,783 in 1976 after 39,948 in 1975. Much of this is attributed to a higher fertility rate among Chinese women for whom 1976—the Year of the Dragon—was an auspicious year. The number of births should fall in 1977.

liberalised to make abortion freely available so long as the woman wanted it and her doctor agreed to perform the operation. Government subsidies brought the cost of abortions in government institutions down to \$5 and the number of abortions rose from 1,913 in 1970 to 15,000 in 1976. Sterilisation was also made freely available for \$55. Unmarried people under 21 required parental permission but otherwise the service was unconditional. Though vasectomies were initially encouraged, men proved unresponsive and only 300 to 400 operations were performed in a year. So the emphasis was shifted to female sterilisation where the annual rate soon rose, reaching 10,300 operations in 1976.

Protested

The Catholic Church protested mildly against the abortion laws, but otherwise there was little overt criticism of these measures even if acceptance was slow to start with. However the incentives offered acceptors and even more the disincentives against larger families were far more controversial. In 1973 the Income Tax Act was amended to reduce tax relief for children: fourth and fifth children were made ineligible leaving an allowance of \$5750 for the first child (unchanged) \$8750 for the second child (up \$3250) and \$3500 for the third child (unchanged). The Employment Act was amended to provide paid maternity leave for the first two children with leave but no pay for later children. Female government employees could get full paid leave for later children if they agreed to sterilisation



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SINGAPORE VI

J. B. Jeyaretnam

IN MAY THIS year, after losing Singapore's first chief minister, thing remarkably close to a to the PAP in a by-election David Marshall, went into rout. where he secured less than 30 per cent of the votes, Mr. J. B. Jeyaretnam signed his name to a document in which his Workers' Party said it could see "very little purpose" in continuing to take part in elections while certain electoral procedures remain unchanged. The government has made no move to change the procedures Mr. Jeyaretnam's party dislikes (they include the numbering of ballot papers and the entering of each voter's serial number on the ballot counterfoil — a procedure which at least in theory makes it possible for the Government to find out how people vote).

Despite this, Mr. Jeyaretnam says he has "by no means" given up politics. With Dr. Lee Siew Choh of the Barisan Socialist remains the nearest thing that Singapore has to a leader of the opposition. The tragedy is that, as things are now, neither Jeyaretnam nor Lee would seem to have the faintest prospect of securing even a single parliamentary seat for either of their parties. The Workers' Party, which describes itself as Social-Democratic "with the emphasis on the democratic," was founded in the late 1950s by



S. Dhanabalan

On this page CHARLES SMITH profiles five of Singapore's younger politicians.

present level of around 4 per cent of GNP "wasteful and unnecessary") and construct a welfare state with subsidised bus fares and medical services for holders of "public allowance cards." The Workers' Party takes only partial issue with the PAP on the question of detention without

S. Dhanabalan

ALTHOUGH ONLY 40, and an MP of nine months' standing, Mr. S. Dhanabalan says he has been involved with Singapore's present leadership "almost from the start"—that is, from 1959 when the PAP gained control of parliament. Dhanabalan entered the Ministry of Finance in 1960 after graduating from Singapore University's economics department and quickly became involved in helping to set up the Economic Development Board (EDB). This brought him into contact with Dr. Goh Keng Swee, Deputy Prime Minister and Chief architect of Singapore's economic growth strategy, as well as with Mr. Hon Sui Sen, then a top economic bureaucrat and now Finance Minister. After being in an EDB from "opening day minus one," as he puts it, Dhanabalan played a very similar role vis-a-vis the Development Bank of Singapore of which he is now Executive Vice-President.

His move into DBS (and thus out of the bureaucracy as such) occurred in 1968 which meant, says Dhanabalan, that the government leader with whom he has not had close contacts is the Prime Minister. (Mr. Lee's active involvement in economic policy dates from just about that time.) However, his contacts with other leaders were close enough for Dhanabalan to have got involved in discussions last year about the succession problems Singapore will face after the present leadership retires. As Dhanabalan puts it, he was asked in effect: "If you know what the problem is, why not contribute to solving it?" The result was that he stood (and won) in Kaifang constituency in the December election. The problem, as Dhanabalan sees it, is that Singapore is a tightly governed state with a strong party system, so it matters a lot who takes over. "We have a powerful piece of equipment, like a tractor," he says. "If the wrong person gets into the driving seat, the machine could run amok." What the government appears to be doing about this is to select and train groups of young politicians who can prove themselves at constituency level before eventually going on to higher things. Dhanabalan reckons that the 13 new Members of Parliament who were elected last December and in two subsequent by-elections are the second crop of young politicians to emerge since the top leadership began worrying about the succession. Dhanabalan says he recognises the first crop, now in its mid and late 40s, includes about six or eight Members of Parliament. The men at the top of the PAP, Dhanabalan thinks, are not going to leave the emergence of a future leader to a "free for all" between members of his own generation of leaders. Dhanabalan says that he was questioned, in the interview leading up to his nomination as a parliamentary candidate, not only about politics or economic matters but also about personal matter such as the reason why he became a convert to Christianity. "They wanted to find out whether I had done it for opportunistic reasons, like wanting to marry a Christian woman," he says. The object, apparently, was to find people with the maximum amount of stability and integrity who would not be "beaten" easily by politics. Dhanabalan spends two or three nights a week working in his constituency with one night devoted to a "meet the people session" (compulsory for all PAP MPs). He feels that many of the problems brought up by his constituents are "petty" in the national Singaporean context, but accepts the need to deal with them painstakingly. As one of the top executives of one of Singapore's most powerful semi-public institutions, Dhanabalan says he recognises the face of government "incursions" into business.

Bernard Chen Tien Lap

BORN IN China during the war, but a product of Singapore's English language education system and of Harvard, Bernard Chen Tien Lap is probably one of the front-runners in the new generation of People's Action Party politicians. He was "invited" by the Party to stand at a by-election last May in Radin Mas constituency. No one doubted that he would win since the PAP has not lost a seat to the opposition in any election since the late 1960s. But the efficiency with which he wiped out Mr. J. B. Jeyaretnam, leader of the Workers' Party and one of the two best known opposition politicians in Singapore, probably impressed his elders in the PAP considerably. Bernard Chen collected 69 per cent of the vote leaving 27 per cent for the opposition (with 3 per cent of votes spoiled).

Like most other PAP men he claims that the opposition vote in Singapore is not so much for the opposition as against the Government. Jeyaretnam, he says, fought the election from "side the constituency" and made "absurd" promises like the introduction of free bus fares and free medical services. Chen concentrated on reminding the electorate of the PAP's solid economic achievements to date. "We keep their stomachs filled, which is what really matters," says Mr. Chen. Despite his dismissal of non-economic issues Bernard Chen admits that some of the Government's attempts to regulate daily life do get talked about at the weekly open meetings he, like all PAP men, holds for his constituents. Fines of up to \$50 (about £12) per head for jay-walking have been raising some protests "and we are now being more humanistic about implementing them." So do the rules about hair which say that long-haired men (meaning in his practice men with hair down to their collars) will get served last in Government offices. Bernard Chen says that the main things that come up at the weekly meetings are, however, requests for priority in the allocation of Housing Development Board Flats and the allocation of hawkers' licences. Ninety per cent of his constituents are housed in one-room flats (that is, flats with a single living-dining and bedroom) so it is not surprising that the main concern of most people in Radin Mas is to get a little more living space. Apart from hearing individual complaints and grievances, Singapore MP also has to spend a good deal of his time putting across official campaigns like the recent road safety campaign which are organised at the rate of one or two per year (some along the lines of those in the People's Republic of China). MPs are intensively briefed before a campaign starts and will then spend a month or so holding meetings and introducing film shows or exhibits within the constituency. At the end of it all they will feed back to the



Bernard Chen Tien Lap

Government the grass roots reactions. The one thing which does not take up much time of a Singapore MP is attending Parliament. This meets once a month throughout the year except at budget time, when sessions are more frequent. Bernard Chen came to politics from the bureaucracy where he was a top civil servant in the Economic Development Board and the Finance Ministry. As Minister of State for Defence (his present job) he disagrees with those who say Singapore does not need an army because no remotely probable external threat exists. "There certainly will be an external threat if the CPM (Communist Party of Malaya) takes over Malaysia," he says. Hence the need for compulsory national service for men (two years for "other ranks," two-and-a-half years for NCOs and officers) and the publicity campaign aimed at attracting women to the armed forces. Mr. Chen says Singapore has no more foreign defence instructors these days, except a few on contract for technical purposes. National servicemen, however, may be sent to Brunel for field training once they have completed preliminary training in Singapore.

Ngeow Pak Hua

ONE OF THE ground rules by which the People's Action Party operates is to make sure that Singapore's Chinese-educated community is duly represented in Parliament as well as the fast growing and frequently more dynamic English-educated Chinese community. That is one reason why Mr. Ngeow Pak Hua, a leader writer on Nanyang Siang Pau, one of the two main Chinese language dailies, was "inducted" into politics last year. Mr. Ngeow, now in his late 30s, says he joined the PAP as a rank and file member in the mid-1960s because he was interested in politics and it was the only party of any importance which was "not Communist-infiltrated." He served the party at first by translating articles written by PAP leaders for the Chinese language edition of the party journal. Last winter Mr. Ngeow felt the time had come to apply for "cadre membership" of the PAP (that is to become one of the select group of members who have the right to elect the leadership).

He went along to be interviewed by Cabinet Ministers and gradually realised that he was being vetted as a candidate for the 1976 December general elections. After a long series of interviews with different ministers in which his knowledge of local and regional issues was extensively tested Ngeow stood, and won, in Boon Lay constituency which forms part of the Jurong industrial estate. His opponent was a long-time Boon Lay resident and opposition veteran, Mr. V. Joseph of the Justice Party.

Because he is Chinese-educated ("I could not even read the Straits Times when I graduated from university") and because his own newspaper has had its troubles with the government over the language issue, Mr. Ngeow probably has as much insight as anyone into the future of Chinese culture in Singapore. He claims that the use of Chinese is not dying out, despite the fact that nearly 90 per cent of this year's school intake has chosen English in preference to Chinese schools. What is happening instead is that people are becoming increasingly bilingual (if not trilingual or quadrilingual), being educated in English, but studying Mandarin at school, and probably continuing to speak a Chinese dialect at home. Mr. Ngeow says he himself can now speak to his constituents in Mandarin, Malay and English while getting along reasonably well in a couple of dialects in addition to his native Hakka. Ngeow says he fought the management of his own newspaper in the early 1970s when it decided to run a campaign accusing the government of "destroying Chinese culture." As a punishment he was shifted from the home news section to the non-political supplements encyclopedia.



Ngeow Pak Hua

Chiam See Tong

CHIAM SEE TONG is a 42-year-old science teacher turned solicitor who stood as an independent in last year's general elections and managed to reduce the majority of Dr. Lim Kim San (Minister for National Development and approximately number five in the PAP hierarchy). Mr. Chiam's political credo is that Singapore has the "forms but not the spirit" of democracy. Intellectuals, he says, think twice before they say anything, the PAP has "almost merged into the government," and there is a "background fear" which affects the quality of life. Chiam campaigned with this message in his home constituency of Cathay Hill for the zhe days that last year's general election campaign lasted (actually he didn't get started properly until the second day) and got 31 per cent of the vote or six per cent more than the opposition average. This was despite handicaps such as lack of funds—he spent \$3,000 of his own money on the campaign which was half what the electoral law permitted — and printing posters that turned out to be smaller and less glossy than those used by the PAP. At the start of the campaign Dr. Lim said he had never heard of Chiam but after a week of rallies attended by a total of nearly two thousand people (out of the constituency's 17,000 voters) this mistake was apparently corrected.

Chiam says his election campaign was extremely closely monitored by the police, who were present with tape recorders at every one of his speeches but who were generally "very nice." At the end of his first public session he says he invited other speakers to come forward but was promptly told that only people whose names had been registered in advance with the police would be allowed to speak. Questions followed, including: "Are you a PAP stooge?" Chiam says people seemed to be more interested at first in bread and butter issues like housing, prices and money than his generalised critique of the quality of life in Singapore. The fact that, with seven friends, a Volkswagen and a hired public address system, he managed to better the opposition average suggests, however, that he got his message over in the end. Chiam's view on the Singapore opposition parties (who agreed not to contest the same seats and to assist each other's campaigns but still only secured 25 per cent of the vote) is that they have been given a chance to unseat the government and "the sooner they close shop the better." The Barisan Socialist (Socialist Front), he says, made a big mistake when it walked out of Parliament in 1968, with the idea of taking the political battle to the streets. He describes Barisan as being "utterly demoralised" after the defeat of its leader, Dr. Lee Siew Choh. In a by-election last summer, with less than 30 per cent of the vote, "Anybody who wants to make an impact on the political scene other than by climbing up the PAP has no choice, to-day, but to make a fresh start on his own," says Chiam.

Chiam says he plans to start his own party with a group of friends mainly drawn from the professions (doctors, accountants, bankers, etc.) before the next election. The problem in Singapore, he says, is to find people, not money, if you want to start a party. Articulate people are scarce and many of them are in the bureaucracy which means, almost inevitably, that they are pro-PAP. The question about people like Mr. Chiam is whether they really touch a sensitive cord or whether a PAP top leader was right, recently, to describe Singapore as "an intensely conservative society which respects a government that shows its strength." Mr. Chiam, who studied science in New Zealand and law in London, feels that "something from Britain has rubbed into us."

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Tourism has its problems

SINGAPORE, POSSIBLY the most interesting part of the South East Asian region in terms of historic monuments, ancient temples, or natural beauty, is in the middle of a tourism boom which has caught the industry's planners and entrepreneurs unaware. The island's hotels, accustomed over the past decade to seeing half their rooms empty, are turning people away. While the rest of the economy expands at around 2 per cent on average, tourism is breaking away with a 14 to 15 per cent growth rate.

In 1974, Singapore had less than 1m tourists but last year the number rose to 1.5m, this year 1.7m are expected, 2.5m by 1981 and around 5m by the end of the century. For an island one-third the size of Luxembourg and with a population of 2.5m, this is going to take some very precise planning and much tolerance on the part of the local population, whose patience is already showing occasional signs of wearing thin.

In money terms, tourism is a substantial though not major sector of the economy, contributing about 4 per cent of GNP (roughly equivalent to the petrochemicals sector). Last year tourism earned \$880m, including foreign exchange earnings of \$570m, of this about 80 per cent was spent on shopping, about 20 per cent on entertainment and hotels; the rest on medical treatment, travel and sundries. Though it has no raw materials of its own, Singapore is benefiting directly from the rise in commodity prices in the rest of the ASEAN region, where rising time is 15,000, rising to 45,000 affluence is drawing large numbers to the island's night-are 11,000, more in the major life and department stores, hotels and 21,900 beds. About 75 per cent of tourists stay in hotels, and the high-end segment spends the most. They buy vast quantities of electrical goods, the Singapore Textiles, Jewellery, watches, sports equipment, cameras and sports equipment. They go mad for shoes, handbags, watches, and other accessories. Enterprises each plan a 600-room hotel, United Overseas a time-lapse hotel, a 500-room hotel, and thing like it.

Japan is the fastest developing market, with many visitors coming in February-March to spend their annual wages, bonuses, the number of rooms close to 14,000 by 1980.

partly no doubt because the Japanese-made goods available in Singapore are the Japanese de-pore's airport facilities. The parliament store here are substantially cheaper than in the domestic market.

Australian stopping over, alone is operating close to full their way home from Europe, Malaysia's cruising the Causeway to visit relatives, and debate, the government decided, Americans on bulk tours all buy in 1975 to implement proposals enthusiastically in Singapore for a new \$1.5bn. international shops and alleys. The Indo-airport at Changi. Construction esians, moreover, spend a great on the 4,000 acre site began last deal on medical checkups, year and is due to be completed

In 1982, providing capacity for 80 flights an hour (three times that of Paya Lebar), 20m passengers (five times) and 1m tonnes of freight (five times). Around \$200m will be spent in the later part of the year on expanding the facilities at Paya Lebar to cope with the 15 per cent annual growth in traffic until Changi is ready.

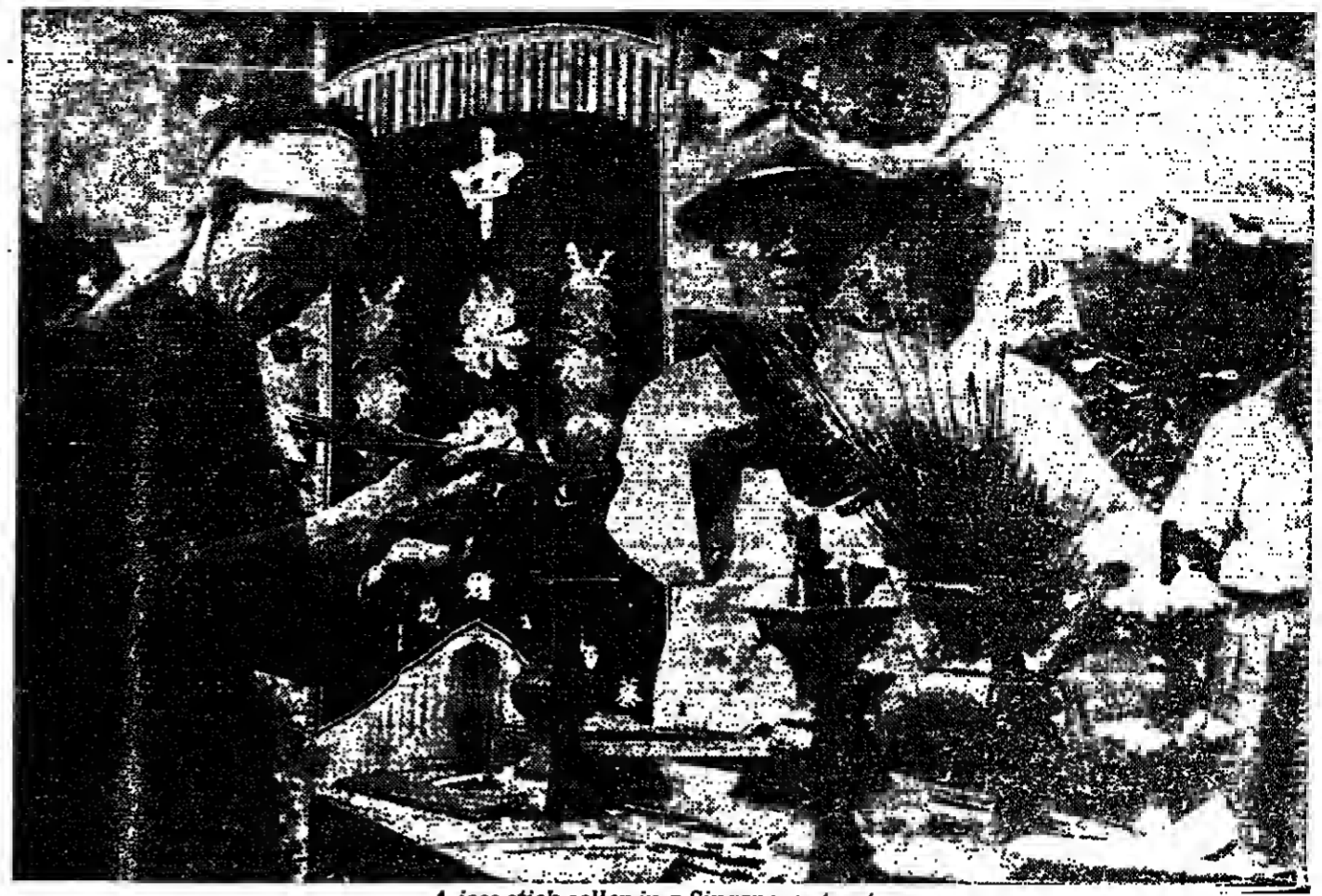
The overall project involves reclamation of more than 700 hectares of land from the existing shoreline of Changi beach, expansion of the existing runway and construction of a second runway, a five-storey passenger terminal able to handle 3,800 passengers an hour, and a freight terminal. The boost that this work, together with hotel construction, will give the island's economy in terms of locally awarded contracts and jobs alone has not been estimated but should be considerable.

Should world economic recovery, such as it is, fail to consolidate as predicted in some quarters, the island could be left with a very expensive and space-consuming white elephant. But tourist growth will not slacken due to an relaxation of effort on Singapore's part.

The idea of charter flights within the East Asian region is being pursued aggressively, especially in relation to Japan, where a direct Singapore-Tokyo shuttle service introduced in April by Japan Airlines and Singapore Airlines has already proved more than justified.

The island's relative lack of natural attractions has stimulated vigorous promotion of its man-made ones. "We are an enormous," says Deputy Prime Minister Dr. Goh Keng Swee happily. "We're in the centre of a prosperous region and we get a spillover."

The charm of haggling over oriental curios in dusty 19th-century alleyways and dark



A joss-stick seller in a Singapore street.

melts away to be supplanted by crowds of Americans, British and Australians who come to sit for an hour or so sipping their \$512 whiskies, straining for a glimpse of "the girls."

As if by pre-arranged signal, these make a splendidly theatrical entrance around mid-night—larger than life, dripping with mascara and rhinestones, haughtily disdain the hottom-pitching liquor toasts. They parade for 15 minutes or so, barely glancing at their goggle-eyed audience, and then everyone packs up and goes home. It is a remarkable performance—let alone the more remarkable in Lee Kuan Yew's "cleaned up" Singapore. But the Government is content to turn a blind eye so long as there is no violence—and the liquor sellers, who appear to be doing very nicely, have this element well under control. In tourism, as in so many other aspects of the Singapore economy, official pragmatism and private initiative can work bapily together to brighten the ever-shining flame of commerce and mutual prosperity.

M.v.H.

The Japanese presence

JAPAN MAY not be exactly taking over Singapore, but it is emerging quite rapidly as the dominant force on the island among industrial nations. The relationship seems, for the time being, to be regarded by both sides as mutually beneficial; certainly Singapore has shown less concern to date than Japan's Western trading partners at the difficulties of achieving anything remotely resembling a balance in visible trade.

This does not alter the fact that the private business community feels it should be able to sell more to Japan than it is currently doing. Nor does it mean that local business is un-concerned about "excess penetration" of Japanese business into some sectors of Singapore industry.

In 1976 Japan ranked number one among Singapore's overseas suppliers with 16 per cent of the market, a hairbreadth ahead of Saudi Arabia, which accounted for 15.3 per cent (solely on the strength of crude oil supplies).

Japanese exports were worth \$53.6bn. and covered a range of manufactured goods stretching from industrial machinery and ships to cars and electronic consumer goods. Among the latter are goods exported to Singapore for sale at the two Japanese department stores whose customers, ironically, include a fair number of visitors from Japan (the point of this apparent piece of economic nonsense is that Japanese shops in Singapore sell their goods minus the sales tax that would be levied on them at home and tourists offer bargains to tourists from the home country).

In addition to direct exports of manufactured goods Japan has made what the local Chinese Chamber of Commerce certainly considers a "killing" in the construction industry, carrying off some of the largest contracts for high rise office blocks, land reclamation and road construction that the Republic has awarded in the past few years. Some 20 Japanese construction companies now maintain permanent offices in Singapore to oversee existing contracts and look for new ones. Among the latest Japanese successes in this area were the main reclamation contract for Changi Airport, awarded to Penta Ocean, and the contract for a bridge to carry Singapore's new coastal highway over the mouth of the Singa-

pure River (Satoh Construction). Britain, Japan established itself early in the Singapore ship-building industry and in a series of joint ventures with Singaporean partners to manufacture black and white and colour TV sets for the local market. Singapore's shipbuilding industry is currently languishing and the Japanese stake there seems hardly likely to grow much in the immediate future. In electronics, however, the prospects appear to be rather promising.

Matsushita, which has been making refrigerator compressors for the past four years at a factory in Bedok (East Singapore), has announced plans to spend \$519m on a new consumer electronics plant which (with its existing installation) would employ 2,000 people. Hitachi, which makes consumer electronics products in a factory near the Matsushita plant, says it is considering setting up a colour TV tube plant. Hitachi admits to problems in exporting from Singapore (notably to the U.K. where a voluntary restraint agreement is now in force on black and white Singaporean TV sets). It still maintains, however, that its Bedok venture eis running at a profit and that its Singapore presence has enabled it to enter markets (or to enjoy tariff preferences) that would not have been available to it from Japan.

The last and most "lumpy" item on the list of Japanese ventures in Singapore is the \$2bn. (Japanese trade officials say it may eventually be \$3bn.) petrochemical complex which 23 Japanese companies plus the Overseas Economic Co-operation Fund (a Government oil loan agency) are to establish on so island south of Singapore itself in a joint venture with the Singapore Government.

The Sumitomo Project (so called because Sumitomo Chemical Company was its initiator) will be far the biggest investment so far made by Japan in Singapore—and indeed probably the biggest Japanese manufacturing investment to date in South East Asia. It will provide a badly needed market for Singapore's oil refining industry—short of customers for its naphtha in the wake of the Vietnam war. But some doubts remain about the viability of the project as a whole, and Japan's commitment to it is freely admitted to be at least partly political.

C.S.

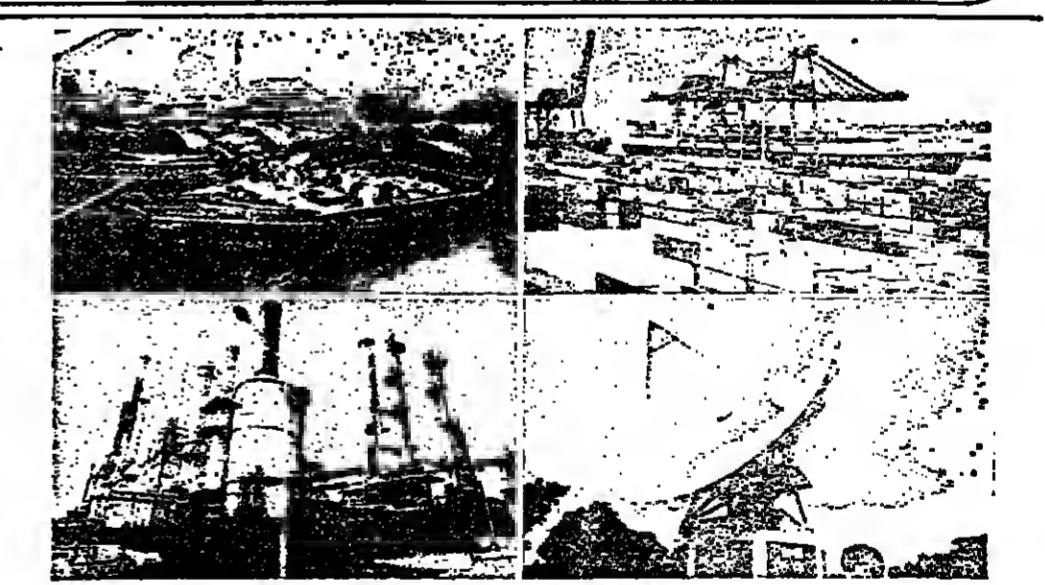
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SINGAPORE VIII

Unusual problems in housing

THE PROBLEM is fairly clear. Within the next 50 years Singapore's population is expected to stabilise around 3.5m. These, along with the industrial, commercial and shipping facilities on which the island republic's economic survival depends, perhaps a little land for pig and poultry farms and enough green belt and parkland to keep the island habitable and the inhabitants sane, must be accommodated on 226 square miles (plus whatever may be reclaimed).

Despite the impact of the world economic recession of the early 1970s and the still wide gap between the small affluent sector and the large low-income group, Singaporeans are gradually becoming more wealthy and expecting a higher standard of living. They are already mildly critical of public housing standards. For the PAP Government, which sees itself as something of a pacesetter in the ASEAN region, housing presents a major challenge—ona which perhaps only the sort of mind which devises Chinese wood puzzles or dreams up those intricately carved ivory balls which conveniently fit compactly inside one another could hope to solve.

Though the problems associated with resettling masses of people in large concrete blocks are becoming increasingly evident in Singapore the centres laid on and its supposed improvements of the housing to be self-sufficient in these programme over the past 17 years are impressive. In 1960,

Unrivalled

In concrete terms this has meant construction of around 254,000 units in 17 years of which around 30,000 were completed in the year to March 31, 1977 construction on this scale, unrivalled in the third world, has produced a host of standardised and somewhat forbidding concrete blocks which are only gradually being tailored to the needs of those living in them, rather than the visions of those who design and plan them.

Construction is restricted to seven, spread around the rim of the island—one central (city), three rural and three for new town development. The last two are based on a system of "neighbourhoods" of up to 6,000 units each of which has shops, sporting and social centres laid on and is supposed to be self-sufficient in these respects. Where three or four neighbourhoods are close

together, a focal "town centre" with transport, shops, supermarkets, banks, cinemas, libraries, schools and creches is provided.

From the air it is as though a child has set hundreds of toy building blocks—domino-shaped and town shaped—in neat patterns like a chain of villages, but each of the blocks may well be more than 20 storeys high (the average in the newer constructions is 14 storeys and may contain 100 units). The effect on the ground, by virtue of geometric uniformity and sheer number, is totally overwhelming.

The flats may contain one, two, three, four or five rooms with a total floor area in the newer ranges of 33, 45, 60, 83 and 123 square metres respectively (the earlier flats were smaller). The HDB puts the construction cost of a three-room unit in the most recent estates, excluding land, at \$516,917 and puts them on the market at \$517,300 in new town areas, \$820,000 in suburban areas and \$822,000 in urban areas. An initial deposit of around 25 per cent is required and the owner pays a \$20 monthly maintenance and service charge. About 52 per cent of government housing is occupied on a 99-year lease basis, the rest rented. Rents are kept low—they have risen only once in 17 years—by substantial subsidies.

The average waiting period is about three years and there are

currently about 75,000 on the waiting list, 61,000 to buy and 14,000 to rent. Applicants must fulfil certain conditions. They must be citizens of Singapore earning less than \$5500 per month. The members of the family to be included must be close blood relatives whose total income as a unit must not exceed \$5500 or, for a one-room flat \$3400. Undischarged bankrupts or people with court judgments pending are not eligible. They fill out a form giving detailed particulars of race, occupation, citizenship, registration number, income and so forth. They may specify the number of rooms they require and the estate they wish to live in. At the end of the waiting period they will be offered a flat.

They may refuse up to three times after which they return to the bottom of the waiting list. The average refusal rate for each estate is 70 per cent. Most applicants accept the third offer.

Applicants save for housing through the Central Provident Fund (CPF) into which 35.5 per cent of their salary goes automatically, to be matched by an equal contribution from their employers. These savings, which earn annual interest of about 6.5 per cent, are compulsory and may be withdrawn only to pay for housing—the rest forms the basis of retirement payments as no pension exists.

Direct welfare is not encouraged in Singapore: widows, for example, instead of getting a pension, are usually provided with a hawk's licence and perhaps a small amount of starting capital and left to get on with their lives.

The government has become concerned over the depletion of the CPF's reserves through housing purchases, and when the rate of contributions was increased recently by 1 per cent, it decreed that this additional money could not be withdrawn for housing. Running the system costs the government \$227m. In 1976-77 in loan charges, property tax, administration and maintenance. This was partly covered by rent, service, and charges and interest payments, leaving a \$55m deficit covered by subsidies. Construction costs during the year were \$5700m.

Residents of the new estates frequently complain of a "lack of neighbourliness." A recent University of Singapore survey found that only 30 per cent of them are on regular visiting terms with neighbours, 26 per cent visit each other occasionally, and 44 per cent have only incidental or no contact at all with neighbours. A recent HDB survey found that most residents consider their new accommodation satisfactory or at least acceptable. But the habit of offering criticism to the authorities is not ingrained in Singapore citizens and in a less formal context, residents, while welcoming their new modern multi-bathroom flats, say life is extremely dull.

The constant flux of estate

populations, as increased savings allow families to move to larger flats, discourages the development of communal living. The new style of living, with an average of five people per unit, has also broken down the larger family units leaving the old and sick particularly vulnerable in a society where welfare is minimal. The Government has introduced a system where the younger family and its in-laws can chip their applications together to secure neighbouring flats but this cannot always be achieved, and the problem of caring for the aged is likely to increase in the next few years.

Another rather disturbing aspect of the housing problem is the degree to which it has increased the Government's control over the population. In policy speeches, the Prime Minister has constantly stressed the need to give each new town representative cross-section of all races. In practice this means that the smaller Malay and Tamil communities, from the clearly defined ethnic quarters of the city, have been broken down and scattered through the new estates.

The private sector offers an alternative. Private housing, says Deputy Prime Minister Lee Kuan Yew, is the only eligible Government housing available. It provides better houses and flats for successful businessmen, senior civil servants, professional representatives of multinational companies to some critics of the Government's housing policy and its smacks of neo-colonialist paternalism. To others, it holds out the possibility of something more sinister. Even supporters of the present Government could become a dangerous weapon of control over ordinary people in the desirable hands than those of the present Government.

Vandalism

Vandalism has become a problem—24-hour emergency service with 18 teams of repair men on duty at any given time is kept fully extended, mainly coping with lift breakdowns, most of them due to vandalism. The suicide rate in high rise buildings appears to be climbing, though no statistics are available, and the Singapore University study found a clear link between suicide and juvenile crime, on the one hand, and high population density on the other. The Government takes a fairly robust attitude to this, refusing to accept as proven any link between social problems and high rise living. It also insists that there is no alternative.

Squalid

The programme, as well as rebouising more than a million people and eliminating some of the island's most squalid slums during its 17 years, has provided a vast number of jobs to housing, roadworks administration and servicing. But the programme's shortcomings cannot be ignored. To begin with, there is a major problem of adjustment for those who shift from

M.V.J



Modern housing in Singapore.

Hard fight against drugs

THE POST-VIETNAM flow of heroin into Singapore is bowling down the island's adolescents like ninepins. Few signs of resistance have been evident over the past two years as addiction has swelled to epidemic proportions.

In 1972 there were four heroin addicts; in 1973, ten; in 1975, 2,263; and in 1976, 5,862. On April 1 this year the Singapore Police, Customs, and Central Narcotics Bureau launched "Operation Ferret," a major drive to sniff out drug traffickers and addicts, netting 6,000 addicts in the first four months. The Ministry of Home Affairs recently confirmed that there are 13,000 apprehended drug addicts in Singapore of whom about 85 per cent are on heroin. The Deputy Prime Minister, Dr. Goh Keng Swee, said earlier this year that the total addict population, including the unapprehended, had reached 1 per cent of the population or 23,000—most of them aged between 17 and 25. Despite strenuous if belated efforts by the police and the CNB, the problem does not appear to be under control.

Comparing with the drug traffickers of Hong Kong and Bangkok, the Singapore syndicates are probably small beer. In August this year, CNB intelligence agents raided Singapore Airport and arrested 30 workers on charges of drug possession. Since then raids on unlicensed business houses uncovered three kilos of heroin and six traffickers were arrested, three said to be major distributors.

Certain diplomats here believe several prominent figures in the Chinese business community may be involved and suggest a paper market may have developed for physical deals carried out elsewhere. But here, as with physical smuggling, the authorities appear to be totally dependent on tip-offs.

Most of the Government's publicised efforts are concentrated on a public education programme—through school lectures, posters and slogans—and on its rehabilitation programme. About 4,300 addicts are currently in the various rehabilitation centres undergoing a tough and controversial rehabilitation regime. Addicts are offered no substitute drugs to help through the early withdrawal stages—most of them sweat it out for a week in the stark "cold turkey" cells, an extremely painful period of fever, vomiting, diarrhoea and sweating, with up to 25 people forced to seek new markets. The emergence of a heroin problem in Singapore at about this time cannot be written off as coincidence.

The Singapore Government is satisfied that most of the heroin entering the island comes down through Malaysia and across the Causeway from Johore Bahru. It is out of Dr Goh's estimate of a drug population of 23,000 about 85 per cent or 20,000 are using heroin and it is as doctors affiliated with the drug rehabilitation programme here suggest, the average heroin addict requires at least 0.2g a day and usually far more, this would require a daily inflow of at least four kilos—worth about \$514,000 at current market prices.

The problems of apprehending the traffickers are obvious, given the enormous volume of lorry traffic across the Causeway each day. Exhaustive checks of each vehicle would rapidly jam the supply of most of Singapore's imports from Malaysia—including vast quantities of fresh fruit and vegetables, of

which Singapore grows very little. Moreover, the methods of concealment are becoming increasingly resourceful—books with cut out sections, spare tyre casings, plastic straws concealed in shirt and trouser seams, ball point pens, hollowed out pineapples—the list is endless.

The CNB appears to be working in close co-operation with the Malaysian authorities and the U.S. Central Narcotics Administration, which is represented in Singapore, but the quick growth of the problem clearly caught it unprepared and it has only recently imported 12 dogs from the U.S., specially trained to sniff out heroin. How much heroin enters the island through the airport is not known—in the interests of efficiency, only spot checks are conducted on incoming passengers.

The rapid spread of drug taking has been blamed on Western influences, peer group pressure, broken homes, curiosity and a weakening of the Singapore work ethic, particularly among the English-educated. All social classes are represented in the rehabilitation centres—the problem has even emerged in the Singapore armed forces and spread at the alarming rate, it seems—but lower income groups predominate with a disproportionately large number of Malays, though drug taking does not appear to have reached anything like this scale in Malaysia.

Whatever the impact of social pressures on the 17 to 25 age group, there can be little doubt that the high availability of drugs and the ease with which the habit can be passed on are crucial. Very few heroin takers here use syringes—the drug is usually infused into cigarettes, blurring the barrier between smoking and hard drug use, and facilitating distribution and hence, recruitment of addicts by pushers. Many addicts spend an estimated \$550 to \$5100 a day supporting their habit, turning to petty theft and occasionally violent crime though this has not so far become a major problem.

Singapore society appears to have been slow to recognise the enormity of the drug problem; the Courts were initially reluctant to impose maximum penalties on young offenders and parents often refused to co-operate with the authorities in what they saw as a conspiracy against their children. But the alarming rate, it seems—but to draw a distinction

between addicts, who are treated over to the police or turned in any way as criminals and traffickers, for whom the penalties are among the harshest in the world.

The Criminal Law Act, which provides for renewable detention on suspicion of trafficker activity, has been invoked as the Misuse of Drugs Act amended in 1976 to provide a death penalty where more than 15g of heroin or 30g of morphine are sold, and 30g of other drugs where lesser amounts are involved. Eleven death sentences have already been passed if not carried out, a 29 people are currently awaiting trial on capital charges.

Meanwhile the education programme seems to be getting through to parents, even if it does not yet appear to be dousing their offspring. When a year ago many parents tended to help conceal the children when CNB officials came for them, they now cooperate actively the other way and when a few months ago a group of young addicts broke out of their rehabilitation centre, it was their parents who brought them back.

M.V.J

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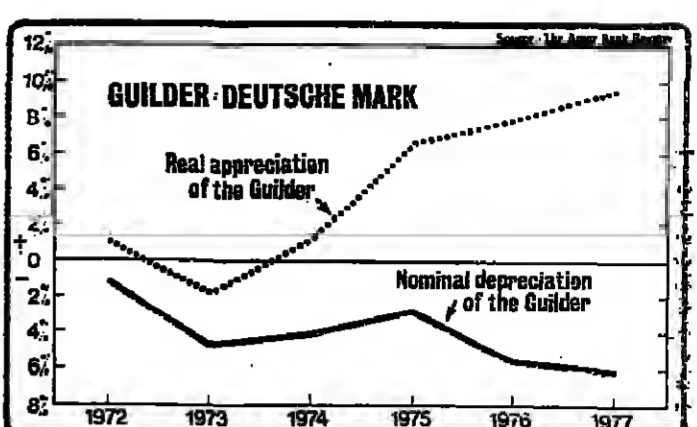
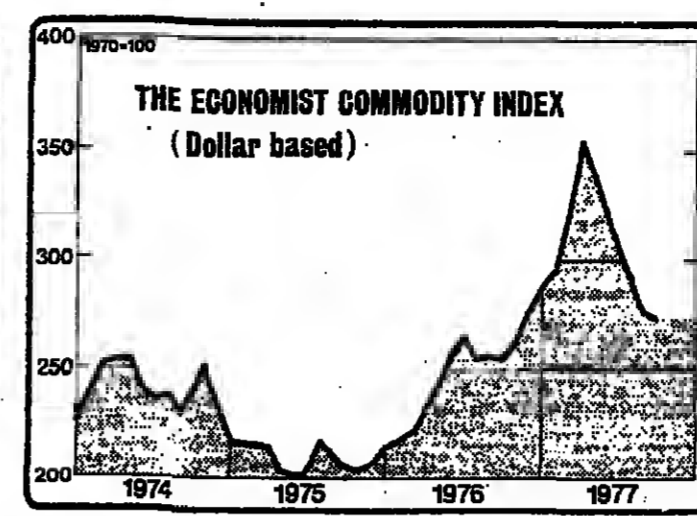
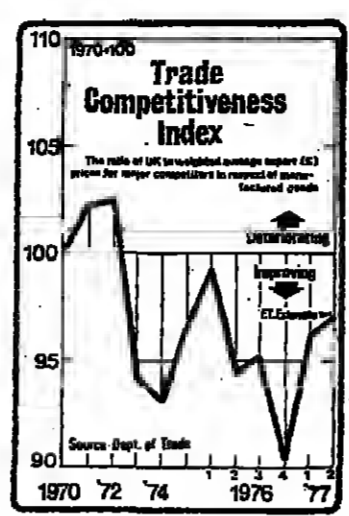
THE COMEBACK OF STERLING

Nearly too late for a stronger pound

BY SAMUEL BRITTON

THE FIRST ten months of 1977... have witnessed the peculiar morning... there was no chance of a spectacle of the British authorities...

Let us suppose the appreciation goes to 5 per cent... giving a dollar rate of about \$1.85 to \$1.90... depending exactly on how the dollar performs against third currencies...



The Dutch guilder has fallen against the D.M., but not sufficiently to offset the higher rate of inflation in the Netherlands...

server hardened the prediction... the effective rate...

By late summer U.K. earnings per head were rising by about 9 to 10 per cent per annum...

Some decline in competitiveness is in fact an inevitable result of North Sea oil... unless overseas investment policies are changed...

official observers expect the actual cost of the Ford agreement to be anything as low as 12 per cent... The best hope of avoiding such a prospect would be if the improvement in the exchange rate and inflation prospects fed through into a lower growth rate of wage increase...

Letters to the Editor

Less inclined to work

From Mr. C. Greenhalgh... Sir—As a matter of interest, what evidence is there that lowering personal taxation leads to increased incentives?

Unemployed graduates

From the Head of Careers Advisory Service, Southampton University... Sir—Michael Dixon's league table 'How Universities fared in the unemployment market'...

Interest rates

From the Chairman, Valor Co... Sir—For the second Monday in succession you have reported a stockbroker's new list...

Rising water charges

From Mr. M. Hunt... Sir—I was very interested in reading Christopher Dunn's article (October 27) in which he stated that 'Britain's ten Water Authorities made so much profit last year—£90m—that they are to hold charges down as much as possible for the next two years'...

The fight for Bow Lane

From the Chairman, Watling Street Properties... Sir—While appreciating Mr. Socker's concern regarding the future of Bow Lane (October 28) article, your references to the 'proposed' building proposals in 'Men and Matters' (October 11 and 25)...

Please pay promptly

From Mr. G. Simon... Sir—The problems of the small business have now been recognised by the Government and have drawn much comment from the leaders of large companies...

An engineer's outfit

From Mr. G. Zelenka... Sir—I read with interest, but without much surprise, Sue...

International telegrams

From the Chairman, AF International... Sir—At my suggestion a German bank I propose to do business with cabled an urgent inquiry to my bank manager...

To-day's Events

- Cabinet meets to approve contents of Queen's Speech giving legislative programme for new Parliamentary session. The Queen and the Duke of Edinburgh visit Barbados. CBI Industrial Trends Survey for October. Result expected of air traffic control assistants' ballot on formula to end their strike. Dr. David Owen, Foreign Secretary, speaks at British National Committee of International Chamber of Commerce dinner. Quilino's, S.W.I. Mr. John Silkin, Minister of Agriculture, is principal speaker at lunch following annual meeting of Bacon and Meat Manufacturers' Association. Savoy Hotel, W.C.2. Mr. Robert Sheldon, Financial Secretary, Treasury, is lunch speaker at Industrial Society conference. 'Coping with Stagflation: What the Pay Policy Means in Practice'. Faros on most U.K. internal air routes rise by between 4 per cent and 7 per cent. Institute of Housing annual conference opens. Scarborough (until November 3). Closing speeches continue at Windscale public inquiry, Whitehaven. Two-day Financial Times/



Consolidated Statement of Condition

Table with columns for ASSETS and LIABILITIES, dated September 30, 1977. Total Assets: \$5,253,129,463. Total Liabilities: \$4,949,241,544.

Harris Trust and Savings Bank. Wholly owned subsidiary of HARRIS BANKCORP, Inc. MAIN BANKING PREMISES: 111 West Monroe Street, Chicago, Illinois 60690. LONDON BRANCH: 48/54 Moorgate, London, EC2R 6EU, England.

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ISSUE NEWS AND COMMENT

Grampian Council raises £10m.

The application list opens on Thursday morning for the issue of £10m. of Grampian Regional Council 10% per cent. Redeemable stock 1985 at a price of 99 per cent.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of new money raised by the bank by the issue of marketable securities in October was £10.5m.

CHANGE WARES

The Board of Change Wares announces that the rights issue of 2,751,250 12 per cent convertible preference shares at 10.833 per cent, which compares with figures of 10,823 and 10.87 per cent in the market for the recent Cardiff issue.

Wades starts well but costs are still rising

Sales were higher at Wades Departmental Stores in the first four months of the current year. Though gross margins generally are being maintained, increased reworking expenses are putting continuing pressure on profits.

RMC LOAN STOCK

At the adjourned EGM of Ready Mixed Concrete, Ordinary shareholders approved the offer of better conversion terms to holders of the 9% per cent convertible Loan Stock 1978.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corrs. payment, Total for year, Total last year. Includes Aberdeen Irons, R. H. Cole, Electrocomponents, etc.

United Glass steps into Redfearn battle

Redfearn National Glass has acquired a third suitor. United Glass, which is jointly owned by Distillers and Owens-Illinois of the U.S., has asked the Monopolies Commission to include it in the current investigation.

Confident outlook at Dawnay Day

While directors of Dawnay Day Group look ahead with greater confidence than for some time they realise there is much to be done.

Progress by York Trailer

MR. F. W. DAVIES, chairman of York Trailer Holdings, reports continuation of 1977 earnings growth into the third quarter.

Fundinvest earns and pays more

AFTER an advance from £196,028 to £222,237 at midday Fundinvest finished the year to September 30, 1977 with pre-tax profits up from £83,873 to £514,354.

Favourable conditions for EPIC growth

Conditions for Estates Property Investment Company in the current year are encouraging, particularly in respect of lower interest rates and further rental increases.

British Steel Constructions (Birmingham)

For the six months to April 30, 1977 British Steel Constructions (Birmingham) reports a net profit of £31,069 against a loss of £51,573.

IN BRIEF

BRIDGEMAN PROCESS—Preliminary report for half year to June 4, 1977, shows loss of £2,704, Tax £12,267 (1976) £2,222 (loss £12,000).

IMM logo with a grid of company names including Imperial Metal Industries, Building Products, General Engineering, etc.

IMI means more than metal

IMI is a remarkable group of companies built by developing related interests and skills. Each company is free to pursue its own course for profit, both in the United Kingdom and overseas.

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COMPANY NEWS + COMMENT

Electrocomponents jumps to £3.3m.

WITH SALES 59 per cent ahead at £13.2m, taxable profit of Electrocomponents more than doubled from £1.5m to £3.2m in the half year to September 30, 1977.

Directors are confident the full year will show a continuation of the progress achieved over the last few years.

They say the sales increase of the second half of 1976-77 has continued but point out that while the net profit of £1.5m, £10.5m, shows a substantial increase in the first half of last year sale prices were held down under the Price Code to absorb the excess profit margin.

Business in the group's distribution companies continues to be buoyant and directors are encouraged by the progress achieved in the new company, Electrosparcs, which began trading in August.

Reading Windings continues as a cause of concern but steps taken to improve efficiency appear to be taking effect, they say. The full year tax rate will be below the 52 per cent rate for tax in anticipation of the pending accounting standard on deferred tax.

The interim dividend is up from 2p to 2.4p net. Last year a 2.325p final was paid.

In a market showing buoyant demand, Electrocomponents has turned in first half turnover up 39 per cent, and profits more than doubled — a performance well ahead of the mid-year improvement at Farnell and first quarter results of Unitech.

Mr. L. A. BARRATT, chairman and managing director of Barratt Developments is confident that the group is taking advantage of the recent upturn in the house building industry.

The Barratt group has an excellent supply of land in good locations which will supply an increasing number of selling outlets, particularly in the south of England.

Mr. Barratt's house prices must rise substantially in the current 12 months which should enable margins to improve.

The lower interest rates should also lead to an upturn in contracting work which will benefit the group Property rentals, now

INDEX TO COMPANY HIGHLIGHTS

Table with columns: Company, Page, Col., Company, Page, Col. Includes Barratt Devs, British Steel Const, Centraway, etc.

Graig Ship. loss increases

INCLUDING depreciation for ships amounting to £364,446 against £368,350, the pre-tax loss of Graig Shipping Company deepened from £478,019 to £774,043 in the half-year to September 30, 1977.

In March the directors said the future looked depressing but the company was poised to take full advantage of any improvement in trade.

The net interim dividend is cut by 1p to 4p net share. Last year a total of 18.49p was paid and the fulltime loss was £0.44m.

The trading loss for the first half was £409,599 (£108,519). After a transfer of £402,000 (£238,000) from deferred tax less £10,303 (£13,461) irrecoverable ACT there was a net loss of £382,248 (£242,480).

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at £1.3m. will improve in the coming years.

Contracting activities in the Shetland Islands were strengthened in the year just ended with Wm. Fraser and Partners being acquired and providing a permanent base in the Shetlands.

The rationalisation of residential investment properties continued in the year with the sale of fixed assets and investments raising £1.5m (£1.19m).

The release of £10.1m. from deferred tax to reserves and a £3.1m. reduction in tax charge allowed the group to write off the remaining £8.7m. in goodwill.

Bank overdrafts rose from £17.9m. to £19.2m. about half of facilities, and total borrowings of £22m. are against £67m. invested in land, work in progress and property investments.

Meeting, Manchester November 23 at noon.

MR. F. W. DAVIES, chairman of York Trailer Holdings, reports continuation of 1977 earnings growth into the third quarter.

Pre-tax profit for nine months is £1.5m. and it is confidently expected that profit for the year will be not less than last year's record £2.2m.

A scrip issue of 1,565,077 10 per cent Cumulative 5% Preference shares on the basis of one Preference share for every seven Ordinary shares is proposed.

The group will accomplish over £1m. of foreign earnings from its exports this year, it is stated.

York Trailer 61 per cent owned by Barratt Developments is using a scrip issue of Preference shares as a way around dividend restraint.

Work on the project is expected to start within a matter of weeks, Mr. Knight, the chairman, tells members.

The numerous rent reversions coming to hand are being negotiated at levels fully up to expectations, he comments.

Mr. Knight says despite the delays in achieving completion of the Brussels sale he remains confident of a successful outcome of the Conference Hall Scheme. In

As reported on October 22, pre-tax income from completed projects during 1976-77 improved to £713,000 (£568,000) and gross rents received were better at £2.0m (£1.84m). The net dividend was reduced to 1p (1.425p) per 25p share.

At year end net liquid funds were up £84,000 (down £463,000) and bank overdrafts stood at £4.2m (£4.73m). There were no capital commitments against £224,000 at the end of 1976-76.

Phoenix Assurance Company holds a 21.61 per cent interest. The auditors, Brehrer, Allen and Trapp, note that the company has not estimated the amount of tax on chargeable gains which would become payable in the event of realisation of the shares in subsidiaries or underlying group properties at book value.

Meeting, The Grosvenor Club, Abchurch Lane, EC, on December 21 at 12.15 p.m.

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Marchwiel tops £5m. and R. H. Cole leaps in first half

BUILDING CIVIL engineering group Marchwiel Holdings reported a record profit of £5.1m for the first half...

THE IMPROVED performance of last year was maintained by R. H. Cole in the first half of 1977 with taxable earnings climbing...

First half loss for McNeill
The expected partial reversal of spending cuts for the industry must help the group but they do not expect any major expansion in the foreseeable future...

BOARD MEETINGS
The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends...

Good tea price prospects for Malayalam
Although tea prices have fallen since the start of the year, the outlook for the industry remains bright...

Uniflex declines at midway
For the six months to March 31, 1977, Uniflex reports pre-tax profits down from £227,000 to £151,000...

Dawnay Day Group

STRONG RECOVERY IN 1977
We can now look ahead with greater confidence.

Table with 2 columns: Highlights of the results, years to 30 June. Rows include Profit before taxation, Profit after taxation and extraordinary items, Dividend per share, Earnings per share.

Principal subsidiaries: DAWNAY DAY & CO. LIMITED, DAWNAY DAY INDUSTRIES LIMITED, TARGET TRUST MANAGERS LIMITED, TARGET LIFE ASSURANCE CO. LIMITED

Dawnay Day Group Limited

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World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on October 31, 1977. In some cases, rates are approximate...

Table with 4 columns: Place and Local Unit, Value of Sterling, Place and Local Unit, Value of Sterling. Lists various international currencies and their exchange rates.

J. E. SANGER

Next traders, J. E. Sanger has changed its year-end accounting date from March 31 to June 30. The interim figures will be reported for the nine months to December 31, 1977...

Which international construction company is the 3rd largest private housebuilder in the UK?
Tarmac
The same company that manufactures and lays more roof waterproofing materials than any other in Europe.

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa...

The North Vietnamese dong is at 2000 roubles and the North Korean won at 1200 roubles. With the amount standing at 1.28 roubles the following relationships could be calculated for the market: £=1.28 roubles, £=1.18 won...

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Thomas Cook Bankers
Thomas Cook Travellers Cheques
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Notice of Redemption

Transamerica Overseas Finance Corporation N.V.

8 1/2 % Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 1, 1971, under which the above-designated Debentures are issued, \$2,000,000 aggregate principal amount of such Debentures of the following distinctive numbers has been drawn by lot for redemption on December 1, 1977 (herein sometimes referred to as the redemption date):

\$1,000 COUPON DEBENTURES

Table listing \$1,000 coupon debentures with columns for distinctive numbers and principal amounts. Includes a list of debentures to be redeemed and a list of debentures not to be redeemed.

The Debentures specified above are to be redeemed for the Sinking Fund (\$1,000,000 principal amount) as a mandatory sinking fund payment and \$1,000,000 principal amount as an optional sinking fund payment (a) at the Corporate Trust Office of Citibank, N.A., Fiscal Agent under the Fiscal Agency Agreement referred to above, No. 111 Wall Street in the Borough of Manhattan, the City of New York, or (b) subject to any laws and regulations applicable thereto, at the main office of Citibank, N.A. in London (Citibank House) and Frankfurt/Main, the main office of Amsterdam-Rotterdam Bank, N.V. in Amsterdam, the main office of Societe Generale de Banque S.A. in Brussels, the main office of Banca d'America e d'Italia in Milan, the main office of Banque de Paris et des Pays-Bas and Compagnie Europeenne de Banque in Paris, and the main office of Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on December 1, 1977, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue, and, upon presentation and surrender of such Debentures with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of the funds to be deposited with the Fiscal Agent.

Coupons due December 1, 1977 should be detached and presented for payment in the usual manner. For TRANSAMERICA OVERSEAS FINANCE CORPORATION N.V. By CITIBANK, N.A. Fiscal Agent

October 26, 1977

MINING NEWS

Rio Algom is still ahead

By KENNETH MARSTON, MINING EDITOR.

NET EARNINGS of Rio Tinto-Zinc's 51 per cent-owned Canadian Rio Algom are the past nine months amount to \$24.3m. (\$18.8m.) compared with \$24.3m. in the same period of last year. Earnings in the latest period equal \$2.51 per share and a maintained second-half dividend is declared of 34 cents.

The 177,000-ton Froan Mines, which holds 48.3 per cent of Rio Algom, has lifted nine months' net earnings to \$14.7m. (\$7.2m.) for \$10.3m. a year ago. A dividend of 35 cents is declared. Despite the fall in nine-month earnings of its 87.2 per cent-owned Lorax copper-molybdenum operation, Rio Algom has enjoyed higher income from uranium and steel. The increase in uranium revenue, however, has stemmed from a revaluation of export contract prices and a significant part of it is of a non-recurring nature. Rio Algom was \$13 yesterday.

ROUND-UP

The Anglo American Corporation's Hudson Bay Mining and Smelting has slipped back into the red again and has omitted its regular quarterly dividend in view of the continuing weak market for base-metals. A third quarter loss, now announced, of \$2.38m. (\$1.77m.) reduces the nine-month net earnings figure to \$2.9m. before extraordinary items. The comparative figure for 1976 was \$3.26m.

What is thought may be the world's largest deposit of uranium and worth some £500m, is claimed to have been found in the seabed of the Turkish part of the Black Sea. The find, which has been made by scientists from Hamburg University, is reported to be in mud over 80,000 square miles of the seabed at depths between 0.6 and 1.2 miles.

The \$1bn. (£544m.) New Guinea nickel mine, partially owned by the Anglo American subsidiary of Holland's Kestel U.S.

Muar River expects advance to record

Record profit is hoped for in the current year by Sir John Barrow, chairman of Muar River Rubber Company. He also looks forward to paying higher dividends if restraint is lifted next August.

Rubber crops harvested by the company's estates from April to September, 1977, were marginally lower at 2,029m. kilos (2.14m.) but the c.i.f. price in the first half was 50p per kilo—2p better than for the same period of last year. Although the book value of quoted investments was reduced from £2.1m. to £2.9m. their market value rose to 4.76m. (£4.4m.). Income from these investments was 10.7 per cent based at £203,350. Dividend income during the current year should again be satisfactory, Sir John says.

Meeting, Plantation House, EC, on November 23 at noon.

Year end working capital was up £0.7m. (down £1.46m.). For 1976/77 the price of rubber was higher at the current year and a material improvement on the record £638,015 taxable profit reported last year is expected. Mr. A. J. Cross, chairman, says in his statement with accounts.

Its deep iron pressing subsidiary S. J. and E. Fellows has begun the year with a continuing demand and orders at a high level while the Hermetic Rubber Company has recently acquired modern injection moulding capacity to supplement its continuing successful business. Edge Shoes should improve on the significant profit record of last year.

Mr. Cross says that since year end the company has utilised a £600,000 medium term loan repayable over eight years with its principal bankers Barclays. It will be put to reducing short term borrowings and to provide working capital.

The group's bank overdraft rose from £11,521 to £83,348 in the year. The £220,000 8 per cent convertible loan was redeemed for £206,250 plus interest.

CLUBS

NEW STRIPPLERS

COMPANY NOTICE

PERKEMA OY

8 1/2 % GUARANTEED BONDS DUE 1986

UNCONDITIONALLY GUARANTEED BY NOTICE IS HEREBY GIVEN THAT THE COMPANY HAS BEEN APPROVED BY THE

EMERGENCY

6th November, 1977

Pancontinental expects early Jabiluka start

The Australian-U.S. consortium of Pancontinental Mining and Getty Oil hope to start construction at the big Jabiluka uranium deposit in the Northern Territory in early to mid-1978, it is stated in the Pancontinental annual report.

But this assumes that environmental clearance and governmental approvals will be forthcoming within a reasonable period.

The report states that a document has been filed which, when accepted, will become the required environmental impact statement. Talks are taking place with the Department of Environment on the contents. After the document has been available for public comment it will become the final environmental statement for the project.

But this is not the only burden which Pancontinental has to jump before work starts at Jabiluka. A present the deposit is on land designated for pastoral use. After title has been resumed by the Government it will then be subject to Aboriginal claims, which if, as is likely, they are granted will then set off a process of negotiation with the company on royalties and so on.

Pancontinental's optimism about an early start to construction is thus presumably based on the supposition that the legal questions can be settled in parallel with a start in work on the site.

The shares have recently been a sluggish market but yesterday gained 50 to 70p.

KENNECOTT HURT BY WEAK PRICES

Results at Kennecott Copper of the U.S. will continue to be unsatisfactory with prices at their current levels, the company warned as it announced a third quarter loss.

Any improvement in copper prices will depend on a material reduction of world copper inventories which in turn will require either an important increase in copper demand or significant reductions of copper output.

Kenecott stated, "In the three months to September there was a net loss of \$21.9m. (\$21m.) compared with a profit of \$4.8m. in the same period of 1976. Over the first nine months of this year the net loss was \$4.4m. (\$2.4m.) against a profit of \$13.5m. in the first three quarters of last year."

Kenecott explained that the nine months' figures include for 1976 \$19.7m. worth of equity in the net income of Peabody Coal and for 1977 a gain of \$7m. from the sale of Peabody Coal.

The third quarter loss reflects lower copper sales and weak prices coupled with the effects of shutdowns and strikes at the mines. This fits in with the general pattern of performances in the U.S. copper industry.

MARCHWIEL HOLDINGS LIMITED Interim Statement for the year ending October 31st 1977

Table showing financial summary for Marchwiel Holdings Limited. Columns include Six months to 30.4.77, Six months to 30.4.76, and Year ended 31.10.76. Rows include Unaudited, £'000, £'000, £'000, Net Profits before Tax, Net Profits after Tax, Proposed Interim Dividend, and Anticipated Final Dividend.

Profit has continued to move upwards during the first six months of 1977 although turnover has remained relatively static.

This reflects the downturn in orders in the United Kingdom and indeed orders in all fields of construction in the United Kingdom are currently difficult to obtain. The expected partial reversal of spending cuts for the industry must help the situation, but we cannot expect to see any major expansion in the United Kingdom in the foreseeable future.

Overseas good opportunities still exist for expansion, although the time gap between receipt of tenders and award of contract is generally much greater than in the United Kingdom. Currently several large tenders in different countries are under consideration and the award to us of any of these would materially affect our position.

Virtually every company in the Group is contributing satisfactorily to profit and, whilst the growth of our overseas operations has not been as rapid as planned, both turnover and profit should show an increase for the full year on the preceding twelve months.

Overall, Group profits for the second half of the year are expected to maintain their growth in similar proportion to last year.

The proposed interim and anticipated final dividends are the maximum payable under current legislation. The Directors are, however, aware that the shareholders in this company have been particularly hard hit by dividend restraint and it will be the intention to raise dividends in line with profit performance at the earliest opportunity.

Sir Alfred McAlpine Group of Companies

9 Months.

Table comparing AVCO CORPORATION performance for 1977 and 1976. Columns include Three months ended August 31 and Nine months ended August 31. Rows include REVENUES, EARNINGS, OPERATIONS, and NET EARNINGS.

AVCO DIVISIONS AND SUBSIDIARIES: FINANCIAL SERVICES: Avco Financial Services, Inc. • Carte Blanche Corporation • Cartan Travel Bureau, Inc. • The Paul Revere Companies

PRODUCTS AND RESEARCH: Avco Aerostructures Division • Avco Electronics Division • Avco Everett Research Laboratory, Inc. • Avco International Services Division • Avco Locomotive Division • Avco Locomotive Williamsport Division • Avco Medical Products Division • Avco New Idea Farm Equipment Division • Avco of Canada, Ltd. • Avco Systems Division • Ben-Morr Corporation

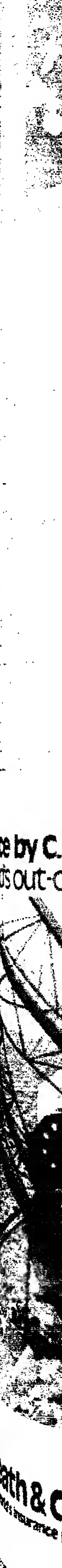
RECREATION AND LAND DEVELOPMENT: Avco Community Developers, Inc. • Avco Embassy Pictures Corp. Write today for a copy of our 9 month report.



AVCO CORPORATION 1275 King Street, Greenwich, CT, 06830 USA

ANNOUNCEMENT BY THE BRITISH INSURANCE ASSOCIATION IN CONJUNCTION WITH LLOYD'S UNDERWRITERS NORTHERN IRELAND Fire and Consequential Loss Insurance of Commercial and Industrial Risks

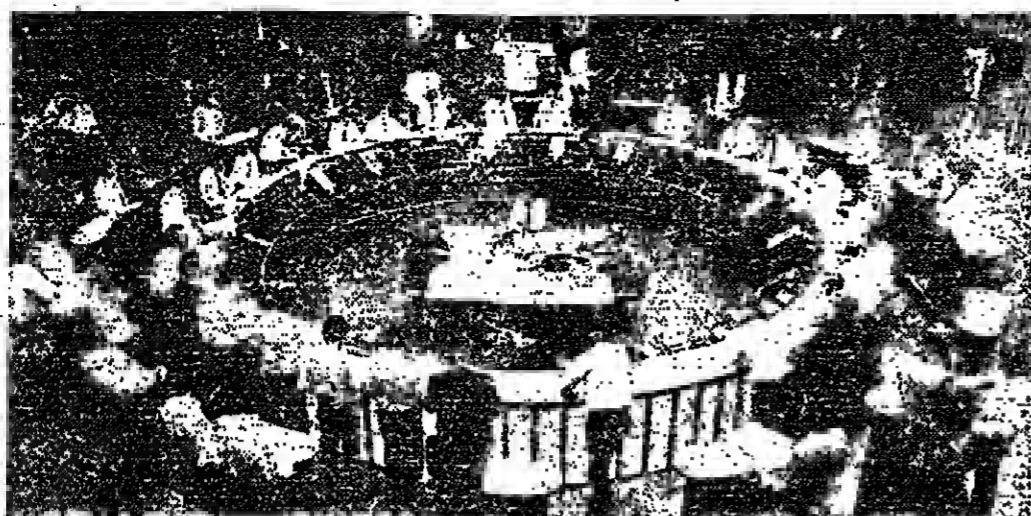
Centreway to improve after record year Prospects for Centreway are encouraging for the current year and a material improvement on the record £638,015 taxable profit reported last year is expected.



Zurich Bourse centenary

BY JOHN WICKS, Zurich Correspondent

CELEBRATIONS this autumn of the 100th birthday of the Zurich Bourse were far from being geriatric-ward revels. The centenarian in the Bleicherweg is hale, hearty, and still a growing lad. As the Director of Finance of Zurich canton, Professor Hans Künzi, put it, the bourse is bursting at the seams.



The trading floor of the Zurich Stock Exchange—the bourse is bursting at the seams.

With a turnover which last year reached the equivalent of £26bn, the bourse has come a long way from that time in 1877 when the first price list to be published officially contained two securities only, the ordinary and preferred shares of the Swiss North Eastern Railway. The railway boom, and a textile boom, had encouraged the creation of a bourse intended to put order into established brokerage activities. In fact there had been a code of conduct going back as far as 1863, and in 1855 an association of brokers was formed. A first central trading point was set up in 1869.

The new bourse got off to a good start, helped along by a large legacy. By 1880 a mock-Renaissance building was opened for business opposite the Hotel Baur au Lac. The bourse had already outgrown its first home by 1905, and in 1930 it moved into its present premises near Paradeplatz. In all markets, Zurich has had its ups and downs over the past century. Mainly, it has had ups. The number of bonds and shares listed rose from 83 in 1877 to 634 in 1950, declining to 496 in 1950 and then rising year by year to reach a peak of 2,248 in mid-1977. At the same time, the importance of securities other than Swiss has risen steadily, except during war and depression periods. Today, 352 foreign bonds and 146 foreign shares are listed and their number is expanding fast. The same pattern emerges for turnover. A record sum of Sw.Frs.82.94bn. (about £20bn.) was booked for 1975, another record—of Sw.Frs.105.47bn.—last year, and it looks as though 1977 will be rather higher again. For the first nine months turnover was Sw.Frs.84.41bn., or 5.6 per cent. more than that for the corresponding period of 1976.

Zurich has become one of the biggest bourses in the world for a number of reasons. One of them is the obvious attraction of a neutral country with stable economic and political conditions, a highly sophisticated banking system, and an extremely hard currency. Another, perhaps less immediately apparent advantage is the low

level of brokerage fees in Swiss bourses. Brokers attribute it not least to the retention of the old "à la criée" trading system, in which prices asked and bid are called out rather than watched on a computer.

Prospects for a further growth of business seem good. More domestic money is finding its way to the stock market as outside interest rates decline, and Switzerland appears to be pulling out gradually from recession. Foreign investors are interested in Swiss securities not least in view of the almost constant strengthening of the Swiss franc. Fears that the authorities might reimpose a ban on foreign investments in Swiss securities were recently dispelled by the National Bank president, Dr. Fritz Leutwiler.

More and more foreign companies are queuing up to be listed on the Zurich and other Swiss bourses. This is true particularly of American companies—already by far the biggest foreign contingent to be listed in Zurich—but also of others. Sony has just become the first Japanese company to have its shares listed in Switzerland.

Signs of insider trading in the stocks of Swiss companies have lately embarrassed the Swiss bourses. The matter came to a head when a financier temporarily assumed control of Bally, the shoe concern. Bally is now controlled by Oerlikon-Buehrle and the affair seems to be closed but calls continue for some sort of regulation.

Bourses and banks are not keen on having a law, but do admit that something must be done. They are talking of a self-imposed code. Mr. Philippe de Weck, President of the Union Bank of Switzerland, has spoken

in terms of recommendations to listed companies and, perhaps, a legal provision falling short, however, of a full scale law, to make punishable the abuse of insider information.

The stock indices are now not far from the year's peak, itself the highest point since 1974. Prices admittedly are well below the 1972 records and fields of Swiss securities have for years been relatively low. But the "real" return is good, since the inflation rate averaged only 1.3 per cent. over the first nine months of 1977. Moreover the currency has appreciated by more than 70 per cent. since December, 1971.

The share market has benefited from the lack of paper in the bonds sector. Here, as with shares, yields are definitely low—only 4 per cent. at present for first-class borrowers—but demand is high in view both of the insignificant rate of inflation and the strength of the franc. A problem facing the stock exchange is the fixed interest field is that of premature repayments. The fall of interest rates and in the case of foreign borrowers the strength of the currency have led to large-scale repayments before maturity. These repayments totalled nearly Sw.Frs.2bn. in the first half of 1977, according to the National Bank. For the first nine months, Swiss Bank Corporation estimates that overall repayments were equal to almost 40 per cent. of new issues.

There has been talk of banks and the bourse bringing pressure to bear on borrowers to adhere more closely to maturity. The National Bank is thinking of having premature repayments of foreign private placements. Both the bourse authorities

and the canton realise that the facilities in the bourse building must be expanded. An important addition will have to be the addition of a fourth trading ring; a provisional third ring was installed in 1969 and two years ago the smaller room was rebuilt and enlarged. It is also urgently necessary to provide further space for the trading banks themselves; in Zurich, all ring traders are bank representatives. Room is also needed for any new members. Apart from the expansion of ring capacity, recent developments have been the extension of the TV and teletypewriter information service for security quotations, the SEGA clearing system for bearer securities, and the creation of such public information services as the three-figure telephone number giving latest stock-market prices. The planned expansions in the bourse itself are intended to see the exchange through the next 20 to 30 years, according to the chairman of the Exchange Association, Dr. Bahn. Growth is not expected to be quite as rapid as in the past few years, but volumes are nevertheless expected to keep rising.

Dr. Bahn says that the Exchange Association will come up with a substantial financial contribution towards the cost of expansion. In the 1970s, another large share of the cost will be borne by the canton. The Stock Exchange has close links with the canton under whose control it has been since 1858, though enjoying a large degree of autonomy. Canton Zurich profits from the deal: its net income after expenses from the bourse reached a record Sw.Frs.10.7m. last year, for the first half of this year gross income from concession fees

was higher again.



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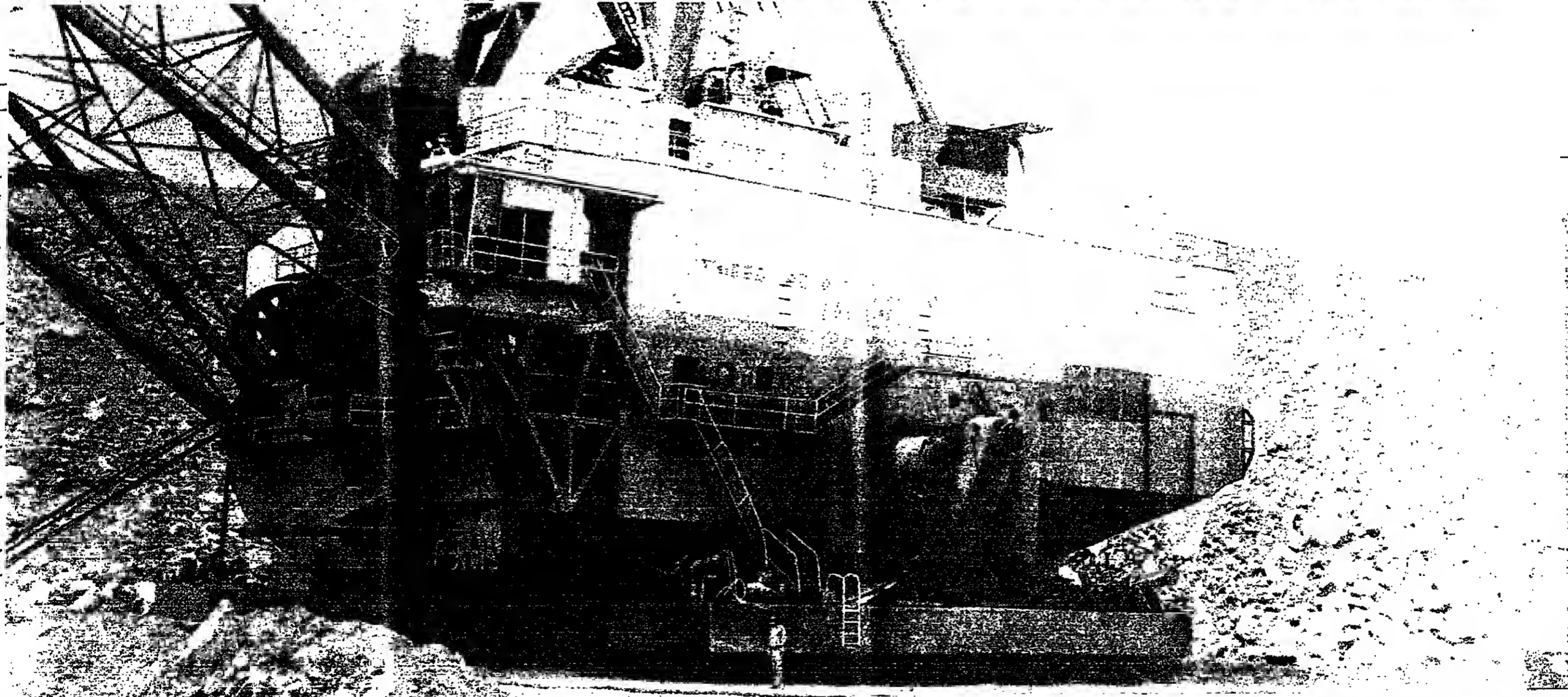
So if you're looking for a big money bank to handle the big share of corporate finance, you should consider Security Pacific Bank.

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Marion 8900 drag line at the Moura mine in Australia of Thiess Peabody Mitsui Coal Pty. Ltd., one of the major clients of the C. E. Heath Group. The drag line weighs 6,500 tons, operates 24 hours a day, seven days a week and removes 8,500 tons of overburden an hour.

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BIDS AND DEALS

Alcan (U.K.) taking full control of Alcan Booth

BY ROY HODSON

An important structural change in the aluminium industry in Britain was disclosed last night...

Alcan Booth manufactures fabricated aluminium products in Britain and is best known under the names of its trading subsidiaries...

The sale reflects the enhanced position of Kaiser in the European aluminium market since 1970...

Mr. Cornell C. Maier, president and chief executive officer of Kaiser Aluminium, said in Oakland, California, last night...

Utd. Scientific moves into U.S.

United Scientific Holdings, a major U.K. exporter of military optical fire-control equipment...

Optic has a current order book of around £8.2m, compared with £6.1m at the end of 1976...

In its last financial year Optic made profits of around £530,000 while United forecast at half-time that this year's profits (due to be announced within two weeks) would be no less than £2.4m.

Optic has a current order book of around £8.2m, compared with £6.1m at the end of 1976...

United is raising the bulk of the purchase price by a £1.7m rights issue under which it is offering £2m in shares...

Inter-European French sale on the move

By John Brennan, Property Correspondent

Inter-European Property Holdings has finally clinched the first stage of its £75.5m (£44.2m) deal to sell the bulk of its French properties...

The balance of the sale proceeds will be used to repay other continental commitments...

Yesterday's statement confirmed that "promises de vent" from a consortium of French merchant banks have been converted into binding commitments...

Mr. Marsh said yesterday that he has no plans to make a significant return to the property market, either on the Continent or in Britain...

Mr. Marsh sees Inter-European's future in further development of its classic cinema chain...

Formal documents containing the cash offer of 110p per share from Jazerite have been despatched...

A bid may be on the way for Graham Wood Steel Group, the steel stockholding and construction engineering concern...

The Board has held discussions which could lead to an offer being made...

Mr. Haxxis, Chairman, 28th October, 1977

NEWMAN STAKE CHANGES HANDS The Stanley Thomas Johnson Foundation of Switzerland has 11.96m shares...

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ASSOCIATES DEAL ON OCTOBER 28 CANONCO Co. purchased 25,000 shares from Mr. Fraebach...

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APPOINTMENTS

APPOINTMENTS: Mr. J. R. Smith, Director of Operations; Mrs. A. B. Jones, Finance Director.

ASSISTANT MANAGER Royal Bank Leasing Limited. An Assistant Manager is required for the above company, which is a wholly-owned subsidiary of The Royal Bank of Scotland Limited.

MAJOR FIRM OF LONDON STOCKBROKERS require ASSISTANT INVESTMENT ACCOUNT EXECUTIVE for home and overseas bank and trustee investment department.

LEGAL NOTICES: In the High Court of Justice, Chancery Division, Companies Court, in the Matter of REDWOOD SECURITIES (HAMPDEN) LIMITED...

COMPANY NOTICES: NOTICE TO HOLDERS OF BEARER DEPOSITORY RECEIPTS Issued in respect of shares of OLYMPUS OPTICAL COMPANY LTD.

COMPANY NOTICES: S. G. WARBURG & CO. LTD., as Depository, hereby gives notice that the Board of Directors of a Housing Unit on 28th September, 1977 resolved to create and issue 11,040,000 new fully paid shares of 50p each...

GOURMET: SHALLOPS RESTAURANT, 28 Old Broad Street, E.C.2. Open every day for lunch, dinner and dancing 7.30pm-12.30am.

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epic Estates Property Investment Company Limited

Results for the year ended 30th April 1977

Table with 2 columns: 1977, 1976. Rows: Gross rental income, Net property income, Surplus available for distribution, Dividends paid.

Statement by the Chairman, Mr. C. N. Knight: First class industrial property investment values have been rising strongly over the past year...

Unfortunately, however, there is the great disappointment affecting the year's account which is the further delay in achieving completion of the Brussels sale. Shareholders will recall that at the last Annual General Meeting I was able to announce that we had reached a point of verbal agreement for a lease to the EEC of the major part of a building to be erected on our Brussels site...

For the current year, conditions are encouraging, particularly in lower interest rates (notably on the Belgian money) and further rental increases. Additionally, a programme for new industrial developments (a substantial part pre-let) is in hand and with appropriate finance in negotiation it is hoped that work will be commenced within a matter of weeks.

My colleagues and I are appreciative of the patience and understanding shown by shareholders over the Belgian delay and we shall not relax our efforts to achieve the earliest possible settlement.

Copies of the complete Report and Accounts may be obtained from the Secretaries, W. H. Stentford & Co., 23 College Hill, London EC4R 2RT.

F. COPSON CO. LTD. Results in brief 1977 1976. Group Turnover, Profit Before Tax, Dividends paid, Earnings per 5p share.

Once again the Group has increased profits and more than maintained its share of a reduced market.

For the current year, every effort will be made to maintain and improve both turnover and profits, and I shall be disappointed if this goal is not achieved.

Activities: Suppliers of heating equipment and builders' materials, installers of warm air heating equipment.

Malayalam Plantations Limited. Issued Capital £2,718,032 in 10p shares. Secretaries and Agents Harrison & Crosfield, Limited.

Table with 2 columns: 1977, 1976. Rows: Profit and Dividend, Taxation, Transfer from General Reserve, Dividends for year, Crops Harvested.

INTER-CITY Investment Group Limited. Results for the six months ended 30 June, 1977

Table with 2 columns: 1977, 1976. Rows: Group Turnover, Profit including share of profit of Associated Companies, before taxation, Taxation, Profit after Taxation, Interim dividend, Retained profit.

The Group profit, before taxation, amounted to £105,000 for the six months to 30 June, 1977. The Wholesale Distribution Division returned to profitable trading and gross profit margins continued to improve. The Cash and Carry department which was opened in May is developing most satisfactorily and promises well for the future...

Copies of the Interim Statement are available from the Secretary, Inter-City Investment Group Limited, Glasshouse Fields, Cable Street, London EC1R 9HZ.

MONEY MARKET Adequate credit supply

Bank of England Minimum Lending Rate 5 per cent. (since October 14, 1977). Day-to-day credit was in good supply in the London Money Market yesterday, and the authorities did not intervene.

Table with columns: Oct 21 1977, sterling certificate of deposits, interbank, local authorities' deposits, local authorities' negotiable bonds, Finance House Deposits, Company Deposits, Discount Rates, Treasury Bills, Single Bills, Five Year Bills.

CLASSIFIED ADVERTISEMENT RATES

Table with 2 columns: per line, single column. Rows: Industrial and Business Premises, Businesses for Sale/Wanted, Residential Property, Appointments, Business and Investment Opportunities, Corporation Loans, Education, Motors, Contracts and Tenders, Personal, Gardening, Hotels and Travel, Book Publishers.

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Vertical text on the far right edge of the page, including 'PARTICIPATION' and 'PRODUCTION'.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Axel Johnson releases figures for first time

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 31.

THE JOHNSON group, Sweden's largest privately-owned business after Volvo, today opened its books to the public for the first time, when it released eight-month reports for its four concerns. They show pre-tax losses of Kr.57.5m. (\$8.77m.) before extraordinary items, on a combined turnover of Kr.6.94bn. (\$818m.).

Overdraft, lending facilities from Cedel

By Mary Campbell

CEDEL, the Luxembourg-based Eurobond clearing system, is to go ahead with two new services: a bond lending service and an overdraft facility. Both these services have long been offered by the rival clearing system, Euroclear, and their introduction will put Cedel, which clears a smaller volume of bonds than Euroclear, to a better position to compete.

AMERICAN NEWS

SEC move on oil and gas industries

BY JOHN WYLES

RADICAL proposals for changing the oil and gas industries' accounting procedures have been issued by the Securities and Exchange Commission.

In a separate action which will also upset some of the companies, the SEC supported proposals which would prevent the long-term write-off of oil and gas production costs. The Commission claimed the right to insist that such costs be charged against current earnings.

Carborundum mystery bid

Carborundum Company, the world wide producer of abrasives and other industrial materials, revealed this morning that it had received a formal offer for all of its outstanding shares, reports our New York staff.

The company declined to reveal either the identity of its suitor or any details of the proposal. A statement from its headquarters at Niagara Falls said that the Carborundum Board was now considering the proposal and "an announcement of the Board's decision will be made in the next few days."

With close to 8m. shares outstanding this would give a capitalisation of nearly \$266m. although the company's stock has traded as high as \$41 earlier this year.

Carborundum has a wholly-owned British subsidiary which controls about a dozen other limited companies. Earlier this year it acquired a British engineering company, Weyburn Engineering. The company has other plants in Canada, Norway, Japan, France, Germany, Italy, Denmark, Spain, Brazil, Argentina, Mexico, Venezuela and Iran.

Net profit last year was \$32.8m. (4.14 per share) on sales of \$613.9m. Carborundum looks set to maintain a performance which has yielded six consecutive years of record earnings. Nearly 38 per cent of its sales come from overseas operations and analysts regard the company as financially strong with a growth strategy that appears to be paying off.

Tax credits help Exxon Pipeline

EXXON PIPELINE, Exxon Corp's pipeline subsidiary, said net earnings for the nine month period ended September 30 to an estimated \$85m. from a year ago, reports Reuters Houston.

The amounts are after charges of \$40m. and tax credits of \$22m. compared with charges of \$11.5m. and credits of \$11.5m. in the year period.

Before tax credits of \$30m. Exxon Pipeline said it had a net loss of \$26.9m. from a per cent share of the Alaskan pipeline.

Price Waterhouse in \$9m. suit

INTERNATIONAL Bank Washington said it had filed suit against the accounting firm Price Waterhouse and Co. for about \$9m. in damages.

The suit relates to the collapse of Mercantile and Trust Company in Freeport, Bahamas. International Bank owned two-thirds of the stock of Mercantile and was a creditor of the bank.

The suit charges that Price Waterhouse breached its duty as an independent accountant for Mercantile.

DUTCH COMPANIES

Agreement on Volvo Car aid

AMSTERDAM, Oct. 31.

THE DUTCH Government has indicated to trade unions that it is to grant further aid to Volvo Car, the former Dutch DAF company. Agreement on the help is expected before the end of the year, though no details have been released.

The management of Volvo Car has said that although it is forced to cut its number of jobs by up to 130 in the first half of next year, there are plans of expanding the production range, so that this decline would only be of a temporary nature. As a result of over-capacity, the jobs would be lost through natural wastage.

The company also stated, quoting Economics Ministry sources, that the management of its parent company, Volvo, had not taken up an "unreasonable" position in its negotiations with the Dutch Government on additional funds for the Eindhoven-based car manufacturer. "If Volvo had done so, the Ministry would have withdrawn from the talks," it added.

Volvo Car thus counters the widely published allegations by Holland's largest trade union a week ago that the Volvo president had indicated to unionists at a meeting in Holland that it

would be forced to close down the Dutch car plant if the Government was not prepared to inject another Fls.250m. into the company.

Volvo Car said that the current negotiations were aimed to find a solution to the company's financing for the coming three years, and revealed that none of the partners involved could comment on their progress. It pointed out that the Government had already granted the company Fls.100m in subordinated loans for investments, to start in the current year.

Short-time working for Hoogovens

HOOGOVENS, the Dutch arm of the German-Dutch steel combine, has announced extensive short-time working for 7,200 of its staff of over 20,000. It is due to start on November 7 and the reduction in working hours is put at at least 20 per cent.

The company said that the short-time working would be for a period of six weeks, after which a new period was not ruled out. It had ended short-time working on July 9 this year, not due to

any improvement in the world steel market but because of the start of the holiday season, it was added.

In mid-September, the company had announced that it had been forced to cut its work-force of 23,000 by about 2,000 in the next two years. The actual number of forced redundancies would be about 1,000. The majority of the cuts and lay-offs are in the non-productive sector.

Estel has suffered a net loss of Fls.176m. in the first half of this year on sales totalling Fls.4.6bn. and more losses are expected next year.

Paul Cheersright added: Hoogovens is to join with Uited States Steel Corporation and Amoco Minerals, which is a subsidiary of Standard Oil (Indiana), in the development of a lateritic nickel deposit on Gas Island in Indonesia, a Department of Mines statement from Jakarta said yesterday.

The three companies, working on a contract basis with the Indonesian Government, have established PT Pacific Nickel Indonesia. The project will cost \$1bn. and development will start in 1978, with a view to production at an annual rate of 51,000 tonnes in 1983.

A decision in principle to introduce an overdraft facility for which bonds held in the Cedel system would provide collateral was made some time ago. The service has now reached the operational stage.

Basically, a participant in the Cedel system will from now on be able to make arrangements with a bank of his choice whereby bonds held by Cedel on his behalf can be used as collateral for borrowing. Such bonds will be valued for collateral purposes at 75 per cent of their market value in the case of convertibles and 90 per cent in the case of straightbonds.

Clearings out of the Cedel system would be stopped if they would mean the collateral falling below the size of the credit line.

The whole system will be completely computerised but initially the market prices for the purposes of valuing the collateral will be fed in manually. By the end of this year it is expected to be using Telex prices which will be fed directly into the computer on-line.

It is hoped that the bond lending service will be operational early next year. It is to be modelled closely on the service Euroclear currently offers. However, terms and conditions still have to be settled and legal opinions obtained.

Volksbank sells Beglinger stake

A SHAREHOLDING in the Zurich-based W. H. Beglinger Finance Corporation has been sold by Swiss Volksbank, of Bern, to Swiss Bank Corporation, Basel. Swiss Volksbank is to continue operations in the export financing sector with a system of its own, reports our Zurich correspondent.

TEXAS INSTRUMENTS

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share, Nine Months Revenue, Net profits, Net per share.

ALLEGHENY LUDLUM IND.

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share, Nine Months Revenue, Net profits, Net per share.

RELIANCE GROUP

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share, Nine Months Revenue, Net profits, Net per share.

CITY INVESTING CO.

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share, Nine Months Revenue, Net profits, Net per share.

NATIONAL CAN CORP.

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share.

PROCTER & GAMBLE

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share.

ZENITH RADIO CORP.

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share.

CONSOLIDATED FOODS

Table with 3 columns: Third Quarter, 1977, 1976. Rows: Revenue, Net profits, Net per share.

EUROBONDS Fewer DM issues ahead

BY MARY CAMPBELL

THE INTEREST in the international bond market is increasingly shifting to non-dollar currencies. The U.S. dollar sector itself was quiet yesterday, partially because of the holiday 10-day in some continental European centres which also affected trading conditions yesterday. However the main factor continues to be almost complete disinterest in dollar denominated bonds, which is expected to continue until the dollar index stabilises enough to attract investment funds again.

In the Danzig market the rental markets sub-committee meeting has scheduled just under \$311m. worth of issues for November, way below the amount placed in October. In order to give the market a breathing space there will reportedly be no major issues this week.

Formally announced yesterday was the last of the October issues, the D1100m for the European Resettlement Fund. Also in the market is a DM20m placement for Carlsberg which offers 6 per cent at par for ten years (average life nine) via Dresdner Bank.

The Norwegian Mortgage Association offering was priced yesterday at 99 1/2 per cent, on a 150m. for fifteen years with an initially scheduled 6 1/2 per cent to yield 6.03 per cent. The amount was raised from DM30m to DM60m.

Japanese trust banks in loan for Denmark

BY OUR EUROMARKETS EDITOR

IN THE SECOND such operation that they have done for a foreign borrower, the Japanese trust banks have "clubbed" together to provide a total of ¥20bn. (about \$86m.) for Denmark at a fixed rate of interest. The trust banks are extremely liquid at present, and in the absence of long term borrowing demand domestically, they have sought to lend internationally.

The Danish financing is in two parts: a ¥10bn. 16-year 8 1/2 per cent bond, which is being placed with pension funds under their control, and a ¥10bn. 15-year loan at a fixed interest rate of 8 1/2 per cent.

First Kuwaiti dinar C.D.

IN WHAT could have important implications for Kuwait's developing capital market, certificates of deposit denominated in Kuwaiti dinars, about to be launched for the first time, reports the Financial Times Euromarkets letter.

The borrower is the Kuwait-based Gulf Bank. The certificates of deposit issue, already been oversubscribed and the amount will probably be increased.

The manager for the Kuwait International Investment Company, is introducing three tranches, a 12-month carrying an interest rate of 7 per cent, an 18-month carrying 7 1/2 per cent, and a 24-month carrying 7 3/4 per cent.

KIIC's affiliate, the Company for Trading Securities, will be a market maker for Gulf Bank's certificates of deposit. Of the participating banks, one third will be based outside Kuwait, the aim being that this issue will get a national reception. The sell period begins today.

Advertisement for U.S. \$25,000,000 FINASA Financiera Nacional Azucarera, S.A. 9% Bonds due 1982. Lists various banks and financial institutions.

Advertisement for Cementos Tolteca Group Mexico U.S. \$30,000,000 Medium Term Loan. Lists various banks and financial institutions.

Handwritten Arabic text: مكرامن الاصيل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

BROSTROM LOSSES MOUNT

WILLIAM DUFFORGE STOCKHOLM, Oct. 31. BROSTROM shipping freighters are to be sold off by the end of 1979. The 20/30 ships will in fact increase the carrying capacity of the liner fleet. During the eight months, Brostrom's capital investments totalled Kr275m, of which Kr261m was for ships. Most has been financed by borrowing on the international capital market together with some building credits. At the end of August the group had liquid assets, including short-term placements, of Kr156m against Kr304m at the beginning of the year. Kr100m loss seen by Kockums. KOCKUMS, the last major Swedish shipbuilding group in private hands, reports a turnaround from earnings of K35.3m to a loss of Kr1.9m (down 29.6m) in the first eight months of 1977, forecasting a 1977 loss of Kr100m, with reserves for exchange rate developments during the last four months. Last year the group finished with earnings before extraordinary items of Kr28.5m. Turnover in the first eight months fell by 1.1 per cent to Kr1.07bn. Net financial charges rose by over 90 per cent to Kr107.6m. The bulk of the eight-month loss of Kr71m, stems from Kockums' shipping operation, which has been expanded, as the company has taken over vessels built at its own yard and to which it has part share. Two such vessels were delivered this year. Most of the ships are laid up and the rest are operating on the open market at rates which for most of the year have not covered operating costs. Earnings of Kr21.1m are shown for the shipyard compared with Kr71.5m in the corresponding period last year. The successive devaluations of the Krona have reduced the anticipated operating profit for 1977 and the eight-month result includes a loss of Kr71m from exchange rate fluctuations. No new orders were received during the report period and Kockums decided to build a second gas tanker on its own account. Three 355,000 dwt tankers remain on the order book, of which two should be delivered this year. The industrial companies, into which Kockums has been diversified, bring a loss of Kr1.5m for the eight months after a 7 per cent increase in sales to Kr325m. By the end of the year, however, the industrial section is expected to give earnings of about the same level as in 1976, when they were Kr6.9m. The interim report notes that the State Guarantee scheme has "extended the possibilities for financing ships and shipbuilding."

Margins down at Premier Milling

JOHANNESBURG, Oct. 31. THE BASIC foodstuffs group Premier Milling increased profits, as usual, for the six months to end-September, but pre-tax margins were down sharply in comparison with the level of the year ago. Pre-tax profits went ahead from R31.9m to R33.7m, but turnover was up from R287m to R369m, so that margins were down a full point at 6.6 per cent. This figure however is unchanged from the level in evidence over the previous six months to end-March. The share capital will shortly be raised to 25.7m, following full acquisition of the subsidiary company Propan, and the latest figure for earnings per share, which is up from 40.8 per cent to 44.6 per cent, has been calculated on shares in issue allowing for this deal. The interim dividend has been raised from 15c to 15c, which suggests a dividend improvement on the previous year's 32c. Initial, per share, will be a significant one for shares—down in line with other market leaders recently, in 65c. The group, in which Associated

Lion groups merge

TOKYO, Oct. 31. JAPAN'S second largest manufacturer of synthetic detergents, Lion Fat and Oil Company and Japao's top inaker of toiletries, Lion Dentifrice, are reported to have reached an agreement to merge on a 50:50 basis by April, 1980, according to the nation's leading economic newspaper Nihon Keizai. The two Lion companies were originally one, but were separated in 1919 (one year after the company's foundation) when Lion Fat and Oil was hived off to look after the group's soap manufacturing. Lion Dentifrice currently holds 6.6 per cent of the equity of Lion Fat and Oil (making it the largest corporate shareholder in its sister company). The main aim of the merger is to unify the sales divisions of both companies into one sales company, "Lion Sales" (tentative name). This is to be set up early next year, in order to reinforce sales capacity prior to the merger of the two companies remaining interests. Apart from Lion group Kao Soap, which has a business tie-up with Colgate of the U.S. and Procter and Gamble (employing an aggressive undercutting strategy in the synthetic detergent) are competing in Japan's toiletry market. In this context, Lion group is apparently intending to consolidate the group's power and to strengthen its base to cope with the erosion of its market share. According to the company's merger plan, Lion Fat and Oil, and Lion Dentifrices are to set up a new company called "Lion" (tentative name) in April, 1980. Mr. Aisuchi Kohayashi, president of Lion Dentifrice, is to take the president's post of Reuter

Floomy outlook at Rosenlew

HELSINKI, Oct. 31. ADVERSE AB's interim outlook and weak generation of internal financing. The company's liquidity was good until the end of August, but has deteriorated disturbingly since then. The devaluations of the Finnish mark in 1977 added about Fmk6.10m to Rosenlew's long-term debt.

Company profits down

JOHANNESBURG, Oct. 31. AMED SIGNS that the local stock market is running out of steam movement which has obviously played havoc with the stores chains' profit margins. Coincidentally, the private sector has launched a major new "Buy South African" drive which appears designed to win a bigger proportion of business for local manufacturers, at least as much as in counter the effect of any possible international trade embargo. The Federated Chamber of Industries says that average capacity utilisation industry-wide is below 50 per cent, while in the retail sector, figures for the same period showed a fractional advance from R571m to R575m, but allowing for inflation at about 11 per cent, the official indices, it is clear there is a real fall of about 10 per cent in retail trade volumes, a movement which has obviously played havoc with the stores chains' profit margins. Coincidentally, the private sector has launched a major new "Buy South African" drive which appears designed to win a bigger proportion of business for local manufacturers, at least as much as in counter the effect of any possible international trade embargo. The Federated Chamber of Industries says that average capacity utilisation industry-wide is below 50 per cent, while in the retail sector, figures for the same period showed a fractional advance from R571m to R575m, but allowing for inflation at about 11 per cent, the official indices, it is clear there is a real fall of about 10 per cent in retail trade volumes, a movement which has obviously played havoc with the stores chains' profit margins. Coincidentally, the private sector has launched a major new "Buy South African" drive which appears designed to win a bigger proportion of business for local manufacturers, at least as much as in counter the effect of any possible international trade embargo. The Federated Chamber of Industries says that average capacity utilisation industry-wide is below 50 per cent, while in the retail sector, figures for the same period showed a fractional advance from R571m to R575m, but allowing for inflation at about 11 per cent, the official indices, it is clear there is a real fall of about 10 per cent in retail trade volumes, a movement which has obviously played havoc with the stores chains' profit margins.

Matsushita earnings increase

OSAKA, Oct. 31. MATSUSHITA ELECTRIC INDUSTRIAL announced that its consolidated 1977 earnings and sales for the third fiscal quarter and first nine months showed increases over the comparable periods of fiscal 1976. Net income for the three months ended August 30 rose to ¥16.9bn, up 12 per cent, from the comparable 1976 figure of ¥16.9bn, on a third quarter sales increase of 8 per cent, in ¥457.3bn, from ¥422.8bn, in last year's like quarter. Third quarter earnings per common share were ¥19.08, compared with ¥17.7 per share in the third quarter of 1976. Matsushita's net income for the first nine months climbed 22 per cent, to ¥55.8bn from the figure of ¥45.7bn, recorded for the first three quarters of 1976. The gain was achieved on a consolidated sales increase of 13 per cent, to ¥1,295bn, from ¥1,142bn in the first nine months of fiscal 1976. For the first nine months, earnings per share were ¥56.28, up from ¥46.05 for the nine months ended August 1976. Matsushita Electric stated that its earnings gains had been bolstered by a broad range of management programmes aimed at offsetting rising costs. Machinery were still running off 65 per cent of the 1973 peak, and other sectors of the company's business were sluggish. The interim dividend is maintained at ¥2.5. TOYOTA MOTOR Sales half-year profit fall TOYOTA MOTOR Sales Company has announced a fall in net profit for the September 30 half-year, to ¥12,743bn, down 0.5 per cent, from the ¥12,801bn, in the same period last year, when annual growth rate registered 59.6 per cent, reports AP-DJ from Tokyo. These results are in sharp contrast to the forecast made just one month ago by Mr. Yuichi Yamada, director of financial affairs. He estimated that the company's net profit would fall by about 10 per cent, in the first half, as foreign exchange losses accumulated and prospects for economic recovery still seemed distant. Mr. Yamada said at the time that sales of heavy electrical at ¥2.5.

Tampella satisfactory HELSINKI, Oct. 31. BY OUR OWN CORRESPONDENT TAMPELLA AB reports a strong turnaround in sales in the first eight months of 1977. Turnover increased by 52 per cent, to Fmk5.74m (€121.3m), compared with Fmk3.79m (€84.5m) last year. The 1977 figure for the year is estimated at over Fmk6.1bn. This is a satisfactory result for the company, which has been struggling with liquidity problems, nationalisation and reorganisation for the past couple of years. The company's interim report warns however that order books are unsatisfactory. The heavy engineering division, which works mainly for the paper and power industries, actually doubled its invoicing to Fmk1.39m, largely because of contract deliveries for several major Finnish export projects, for example in the Soviet Union. Even the hard-hat paper and paperboard division showed a 20 per cent increase in sales, but is still running at a loss. It is working at about 80 per cent of capacity which is a somewhat better ratio than some other paper making companies have reported. The company's recently completed new sawmill helped to double sales of sawn goods. Tampella's net debt was reduced by Fmk100m by the end of August this year. The sale of the remaining holding in the Finnish power engineering company Oy Sitomera AB will help to shorten the debt further by the end of the current year.

Table with columns: Country, Bond Name, Price, Offer. Includes entries for Australia, Canada, Denmark, France, Germany, etc.

Industrial Bank of Japan Finance Company, N.V. U.S. \$50,000,000 Guaranteed Floating Rate Notes due 1982. For the six months 1st November 1977 to 1st May 1978. In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 7 1/4 per cent, and that the interest payable on the relevant interest payment date, 1st May 1978 against Coupon No 1 will be U.S. \$38.65. Morgan Guaranty Trust Company of New York, London Agent Bank.

The First Boston Corporation is pleased to announce the appointment of Frank J. Bulkley III Vice President as International Sales Manager for Equities and Fixed Income Securities, to be based in London. First Boston 20 EXCHANGE PLACE, NEW YORK, N.Y. 10005. First Boston (Europe) Limited, 16 Finsbury Circus, London EC2M 7RY. Telephone: 01-638 3000. Telex: 834,211. Cable: Firstbos.

Continental Bank of Chicago tailors its services to meet your requirements. Continental Bank is in the United Kingdom for many reasons. One of them is to provide your business with a financial source prepared to adapt itself to your present and future needs, short and medium term. We're committed to providing structured credit, flexible cash management systems, knowledgeable foreign exchange advice and a full range of other corporate services. These will be based on careful analysis of your objectives, on our worldwide experience, and on recommendations incorporating the best features of all available financing alternatives and banking services. Individual attention is one of the commitments that make Continental the bank of opportunity all over the world. The bank of opportunity CONTINENTAL BANK. Continental Bank National Bank and Trust Company of Chicago.

Continental Bank is in the United Kingdom for many reasons. One of them is to provide your business with a financial source prepared to adapt itself to your present and future needs, short and medium term. We're committed to providing structured credit, flexible cash management systems, knowledgeable foreign exchange advice and a full range of other corporate services. These will be based on careful analysis of your objectives, on our worldwide experience, and on recommendations incorporating the best features of all available financing alternatives and banking services. Individual attention is one of the commitments that make Continental the bank of opportunity all over the world. The bank of opportunity CONTINENTAL BANK. Continental Bank National Bank and Trust Company of Chicago. In London: City Branch: 58/60 Moorgate, E.C.2. West End Branch: 47 Berkeley Square, W.1. Merchant Banking: Continental Illinois Ltd. 14 Moorfields Highwalk, E.C.2. In Edinburgh: Representative office: 9 St. Colme Street. Other European Locations: Antwerp, Brussels, Liège, Dusseldorf, Munich, Frankfurt, Piraeus, Athens, Thessaloniki, Madrid, Rotterdam, Amsterdam, Milan, Rome, Paris, Vienna, Geneva and Zurich.

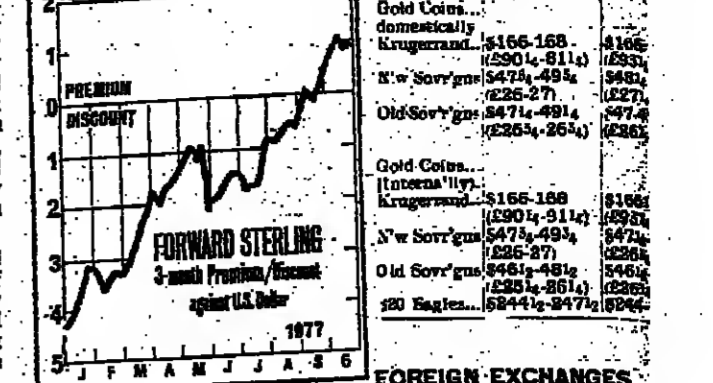
Low reacts 4 on economic worries + FOREIGN EXCHANGES + very firm

BY OUR WALL STREET CORRESPONDENT

REFLECTING investor concern steadily tightening policy this over the outlook for the economy...

De Beers lost 12 cents to R4.63. Other Metals and Minerals were narrowly lower...

STERLING - Share prices in active trading in the foreign exchange market yesterday...



OTHER MARKETS

MONDAY'S ACTIVE STOCKS: Shares closed for Eve of All Saints Day holiday...

MONDAY'S ACTIVE STOCKS

Table listing active stocks with columns for Stock Name, Price, and Change.

INDICES

Table showing various stock indices including NYSE, Dow Jones, and others with their respective values and changes.

INDICES

Table showing various international stock indices such as London, Frankfurt, and Zurich.

OVERSEAS SHARE INFORMATION

Large table providing detailed share information for various international companies, including names, prices, and dividends.

OVERSEAS SHARE INFORMATION

Continuation of the overseas share information table, listing more companies and their financial details.

EXCHANGE CROSS-RATES

Table showing exchange rates for various currencies including the Dollar, Swiss Franc, and others.

CURRENCY RATES

Table showing currency rates for various countries and regions, including the UK, France, and Germany.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits and loans.

FORWARD RATES

Table showing forward rates for various currencies and time periods.

AMSTERDAM

Table showing market data for Amsterdam, including prices and changes for various stocks.

PARIS

Table showing market data for Paris, including prices and changes for various stocks.

COPENHAGEN

Table showing market data for Copenhagen, including prices and changes for various stocks.

STOCKHOLM

Table showing market data for Stockholm, including prices and changes for various stocks.

MILAN

Table showing market data for Milan, including prices and changes for various stocks.

VIENNA

Table showing market data for Vienna, including prices and changes for various stocks.

Large vertical advertisement on the right side of the page, featuring the word 'ALERS' and other text.

Table with financial data, including 'REIGN EXCHANGE' and 'OTHER MARKET' sections.

Metals feel main impact of rise in sterling

Metals prices fell sharply on silver was cut by 5.5p to 265p on the London Metal Exchange...

Large cocoa surplus predicted by trade

Cocoa dealers agree on one thing at the moment: there will be a substantial surplus of cocoa in the present crop season...

Malaysia export boost expected - Kuala Lumpur, Malaysia's major export...

India to import raw jute supplies

THE INDIAN Government has decided to import about 300,000 tons of raw jute...

London tea prices firm despite £

TEA PRICES at the London auctions yesterday showed an upward trend, despite the rise in the value of sterling...

Britain goes alone on fish ban - Mr. Bruce Millan, Secretary of State for Scotland, and U.K. negotiator at last week's talks...

Britain goes alone on fish ban

BRITAIN'S TOUGHER approach to the EEC fisheries battle was illustrated yesterday by the imposition of a new unilateral ban on fishing within the Norwegian zone...

COMMODITY MARKET REPORTS AND PRICES

Table with commodity market reports and prices for various goods like coffee, rubber, and soybean meal.

Malaysia export boost expected - Kuala Lumpur, Malaysia's major export...

COMMODITY MARKET REPORTS AND PRICES

Table with commodity market reports and prices for various goods like coffee, rubber, and soybean meal.

PRICE CHANGES

Table with price changes for various commodities.

Malaysia export boost expected - Kuala Lumpur, Malaysia's major export...

METAL DEALERS

If you are a metal dealer with good experience in a company that is a member of the London Metal Exchange...

Limit gains in coffee; sugar rises

PREVIOUSLY modest gains in coffee prices were limited by a weaker dollar. Coffee closed lower...

Malaysia export boost expected - Kuala Lumpur, Malaysia's major export...

LEGAL NOTICES

THE HON. MR. JUSTICE... THE HON. MR. JUSTICE... THE HON. MR. JUSTICE...

FINANCIAL TIMES

Table with financial data, including 'REUTERS', 'DOW JONES', and 'MOODY'S' sections.

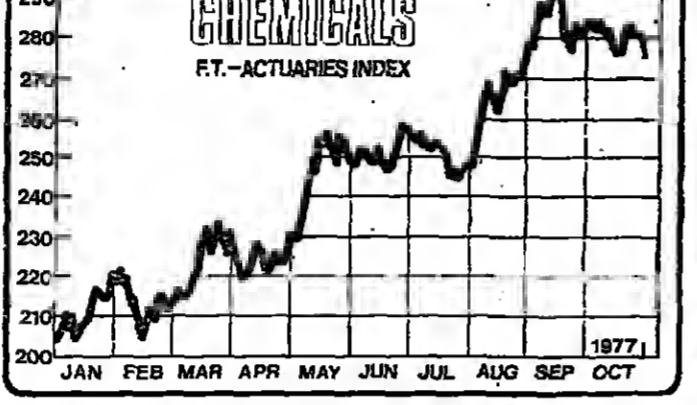
STOCK EXCHANGE REPORT

Gilts up but equities ease on sterling's loosened rein Share index 3.8 lower at 505.5 after 496.9—Golds off again

Account Dealing Dates... First Declared Last Account Dealings Dates... The decision to allow market forces a little more say in determining the level of sterling on foreign exchanges was reflected in stock markets yesterday by a broad advance to 12.4 in the FT 100 share index...

Account Dealing Dates... 5.363 being the lowest for Monday for eleven weeks... News of the authorities' decision to let sterling appreciate in an attempt to stem the recent heavy inflow of foreign currency...

Account Dealing Dates... Motors and Distributors closed firmly following the announcement that the Leyland car workers had voted by almost two-to-one to accept the company's proposals...



In ex-rights form, ATV closed 2 easier at 104p, while the new 100 shares closed at 14p premium after extremes of 16p and 11p.

Widespread double-figure falls in the equity leaders at mid-day were mirrored in a drop of 12.4 in the FT 100 share index... The decision to allow market forces a little more say in determining the level of sterling...

Long Gilts good... Overall sentiment was helped in the after-hours trade by the British Leyland car workers' near two-to-one acceptance of the company's industrial relations reform proposals...

Utd. Scientific rise... A proposed dividend-busting rights offer together with details of a large American acquisition made for a good rise in United Scientific, up 14 at 240p, after 243p...

Properties hold up... Properties held fairly steady. The leaders tended to ease a few points in the absence of buying interest, but actual selling was very light...

Rises and falls yesterday... British Funds 12 46 13... Chemicals 13 4 42... Industrial 21 39 25... Financial and Prov. 27 197 255...

FINANCIAL TIMES STOCK INDEX table with columns for Oct 31, Oct 28, Oct 27, Oct 26, Oct 25, Oct 24. Rows include Government Stock, Fixed Interest, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY table with columns for High, Low, High, Low, S.E. ACTIVITY. Rows include Govt. Sec., Fixed Int., Ind. Ord., Gold Mines.

ACTIVE STOCKS table with columns for Stock, Denomina-tion, Closing price (p), Change on day, 1977 high, 1977 low. Rows include ICI, Shell Transport, BAT Inds., etc.

NEW HIGHS AND LOWS FOR 1977 table with columns for Share, 1977 High, 1977 Low. Rows include ICI, Shell Transport, BAT Inds., etc.

THEATRE GUIDE

Opera & Ballet... Theatres... Operatic Theatre... Garrick Theatre... Open Space... Lyric Theatre... National Theatre... etc.

RECENT ISSUES

Table with columns for Issue, Date, Price, etc. Rows include Equity, Fixed Interest Stocks, Rights Offers, Options Traded.

FT-ACTUARIES SHARE INDICES

Table with columns for Group, Index No., Day's Change, etc. Rows include Equity Groups, Fixed Interest Yields, Fixed Interest Price Indices.

Handwritten text at the bottom of the page: كتابنا الجديد

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Guinness Fund Managers, Prudential Unit Trusts, and others, including their names, managers, and performance metrics.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds including Arbutnot Securities, Fidelity Funds, and various international investment vehicles.

CLIVE INVESTMENTS LIMITED

CLIVE INVESTMENTS LIMITED, Royal Exchange Ave., London EC3V 3JF. Tel. 01-283 1101.

INSURANCE BASE RATES

Table showing insurance base rates for various categories like Property Growth, Corporate Assurance, and Life Insurance.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions, including B.N. Bank, Allied Irish Banks, and others.

WE, THE LIMBLESS, LOOK TO YOU FOR HELP

Advertisement for British Limless Ex-Service Men's Association, offering support and services to ex-service men.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from companies like Abbey Life Assurance, Credit & Commerce Insurance, and others.

NOTES section at the bottom right of the page.

FT SHARE INFORMATION SERVICE

Factoring means FULL CREDIT COVER! INTERNATIONAL FACTORS LIMITED

AMERICANS—Continued

BUILDING INDUSTRY—Cont.

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Stock, Price, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies with columns for Stock, Price, Div, and Yield.

Table of Building Industry stocks with columns for Stock, Price, Div, and Yield.

Table of Drapery and Stores stocks with columns for Stock, Price, Div, and Yield.

Table of Engineering stocks with columns for Stock, Price, Div, and Yield.

Five to Fifteen Years

Table of funds with 5-15 year maturities.

Over Fifteen Years

Table of funds with over 15 year maturities.

Undated

Table of undated funds.

INTERNATIONAL BANK

Table of international bank stocks.

CORPORATION LOANS

Table of corporation loans with columns for Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African loans with columns for Stock, Price, Div, and Yield.

LOANS (Miscel.)

Table of miscellaneous loans with columns for Stock, Price, Div, and Yield.

FOREIGN BONDS & RAIS

Table of foreign bonds and rais with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks with columns for Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns for Stock, Price, Div, and Yield.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV stocks with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of drapery and store stocks with columns for Stock, Price, Div, and Yield.

ELECTRICAL AND RADIO

Table of electrical and radio stocks with columns for Stock, Price, Div, and Yield.

ENGINEERING MACHINE TOOLS

Table of engineering machine tool stocks with columns for Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks with columns for Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel.)

Large table of industrial stocks with columns for Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of hotel and caterer stocks with columns for Stock, Price, Div, and Yield.

مكازم التجميل

INDUSTRIALS - Continued. Table listing various industrial companies with columns for stock price, dividends, and other financial metrics.

INSURANCE - Continued. Table listing insurance companies and their financial data.

PROPERTY - Continued. Table listing property-related companies and their financial data.

INV. TRUSTS - Continued. Table listing investment trusts and their financial data.

FINANCE, LAND - Continued. Table listing finance and land-related companies and their financial data.

ASUDA BANKING advertisement with logo and text.

MINES - Continued. Table listing mining companies and their financial data.

OVERSEAS TRADERS. Table listing overseas trading companies and their financial data.

RUBBERS AND SISALS. Table listing rubber and sisal companies and their financial data.

TEAS. Table listing tea companies and their financial data.

REINERS. Table listing reiner companies and their financial data.

FAR WEST RAND. Table listing far west rand companies and their financial data.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their financial data.

Commercial Vehicles

Table listing commercial vehicle companies and their financial data.

Components

Table listing component companies and their financial data.

Gearboxes and Distributors

Table listing gearbox and distributor companies and their financial data.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies and their financial data.

PAPER, PRINTING ADVERTISING

Table listing paper, printing, and advertising companies and their financial data.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilders and repairers companies and their financial data.

SHIPPING

Table listing shipping companies and their financial data.

SHOES AND LEATHER

Table listing shoes and leather companies and their financial data.

SOUTH AFRICANS

Table listing South African companies and their financial data.

TEXTILES

Table listing textile companies and their financial data.

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Table listing property companies and their financial data.

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Table listing tobacco companies and their financial data.

OILS

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AUSTRALIAN

Table listing Australian companies and their financial data.

TINS

Table listing tin companies and their financial data.

COPPER

Table listing copper companies and their financial data.

MISCELLANEOUS

Table listing miscellaneous companies and their financial data.

NOTES

Notes section containing various financial notices and announcements.

REGIONAL MARKETS

Table listing regional market data and prices.

OPTIONS

Table listing options market data and prices.

Additional notes and information at the bottom of the page.



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U.S. 'would sign pact with Israel'

BY DAVID BELL

THE U.S. might be prepared to sign a bilateral defence treaty with Israel if that should prove the only way to persuade Tel Aviv to reach agreement with the Arabs, Mr. Cyrus Vance, Secretary of State, said in an interview published here today. Speaking to editors of an American news magazine, Mr. Vance was not enthusiastic about the idea of such a treaty and said that it was unlikely and probably unwise that the U.S. would agree to station troops in the Middle East. He noted that in the joint U.S.-Soviet statement on the area, the United States had said that it was "prepared to consider the question of any guarantees of any peace agreement."

World business opinion split on fighting bribery

BY MARGARET REID

SIGNS ARE growing of a serious split of opinion within the international business community on means of combating commercial bribery, although strenuous efforts are being made to secure a consensus about the right approach to the problem. The possible rift arises over the recommendations in the recently completed report of the International Chamber of Commerce's Commission on Ethical Practices, chaired by Lord Shawcross, designed to fight corrupt business payments. A keynote of the commission's thinking has been a proposed ban on bribes under a recommended code and guidelines aimed at strengthening the hand of companies in resisting extortion. But although the recommendations have been toned down subsequently, there still appears to be substantial opposition among Continental business opinion—particularly in France, West Germany and Belgium—to the proposed rules and to the council proposed to administer them. Many Continental businessmen are clearly sceptical about the feasibility of banning commercial bribery and about the attitude to be adopted towards Governments in countries where such payments have been traditional. However, there is undoubtedly strong support for effective action to fight corrupt commercial payments, not least among the members of the Shawcross Commission. One member, M. Jean Rey, the Belgian who was formerly president of the European Economic Commission, said in London yesterday: "Corruption is a pollution comparable to hijacking and other evils and its' not good enough to say it's a fact of life and nothing can be done. I think that myself and my colleagues on the Ethical Practices Commission are not prepared to see what we are proposing rejected without something else being put in its place. Mr. Rey is due to speak on "the political and moral problems facing business" at today's session of the Financial Times-International Chamber of Commerce Council on European Business in World Development, chaired by Lord Shawcross, who chaired

Miners expect close ballot

BY CHRISTIAN TYLER, LABOUR EDITOR

SOME MINERS' leaders were predicting last night that the pithead ballot on an incentive scheme would show a small majority against, based on indications from one or two key areas. Nottinghamshire, the second largest coalfield after Yorkshire, will have played an important part in the result. The "No" vote there is thought to have reached about 40 per cent. Certainly the Left-wing campaign has been unusually intense. Kent miners tried and failed to stop the ballot through the courts, and Yorkshire has been advertising in the national Press against the 13-11 decision of the union's national executive. If the result is very close, the Left may be able to argue that the decision has turned on the vote of white-collar workers in the COSA sections and other surface workers and has not been taken by the men at the coal face on whom the whole scheme depends. There is a four-month review built into the proposals, to re-examine the "norms." But by then the whole scheme could be under scrutiny if it appears that coalface workers in many areas are not trying to make it work. By March, the miners' pay anniversary will also be imminent. The union is to submit a claim for a 30 per cent pay rise, backed to day which is the starting day of the incentive scheme if it is carried. If it is not carried, pressure on the board and the Government to breach the 10 per cent earnings ceiling will be severe, even if the premature settlement date is successfully resisted.

Shop stewards back new BOC offer

BY NICK GARNETT, LABOUR STAFF

MASS MEETINGS of British Oxygen's striking manual workers have been called today and tomorrow to vote on a recommendation from shop stewards that they should return to work on the basis of a new pay offer. No firm details have been released to the men, but indications last night were that BOC might have gone above the Government's 10 per cent guideline to end the unofficial dispute which has crippled large sections of industry. The recommendation came after a meeting of Transport and General Workers' and General Municipal Workers' stewards from most of the company's 46 depots principally affected by the strike. It was passed by only 38 votes to 36. There will be considerable opposition to the recommendation at many depots and it is not certain that a majority of workers will support it. National union officials, however, were optimistic last night that the men will vote to return. The strike—in support of a 30 per cent claim—has starved tens of thousands of companies of industrial gas vital for manufacturing, and is gradually taking a larger toll on industry. Fifteen hundred men, more than a third of the labour force, will have been laid off in the nationalised Tyne ship repair yards by today. In the private sector, Swan Hunter's ship repair operation has virtually stopped. Large parts of the engineering, glass and textile industries have shut, and estimates put the number of workers laid off at more than 50,000. BOC's original offer involved rises which it said were at the limit allowed under the Government's pay guidelines. These were coupled with a self-financing productivity deal which the company said could add a further 5-8 per cent. The new offer, which comes after earlier BOC assurances on manning and a commitment to improve the productivity scheme, involves an increase in the total package. Mr. John Miller, the TGWU national officer for chemicals, said there was enough evidence to show that the company had moved "radically" on its pay position. Officials stressed, however, that the new proposals formed a basis for a return to work, and the resumption of formal talks rather than a settlement.

Prices probe into road haulage

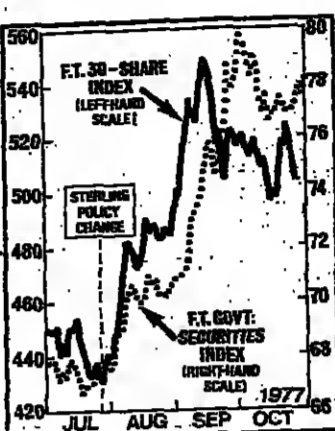
BY ELINOR GOODMAN AND CHRISTIAN TYLER

THE Price Commission is being urged to probe the road haulage industry's cost and price structure and the likelihood that increased freight charges would affect a wide range of goods. Although prices are not frozen during a sectoral reference—one involving a whole industry rather than individual named companies—the message behind yesterday's move seems to be that companies cannot assume automatically that just because a business's wages have gone up, its prices will be allowed to rise by the same amount. The commission has wide-ranging powers and could, on completion of its report, recommend price cuts and fundamental changes to the way the industry is organised. Mr. Hattersley said yesterday that he was concerned about the industry's cost and price structure and the likelihood that increased freight charges would affect a wide range of goods. Without mentioning the West Midlands case, or the implications for other settlements in the transport field if the 15 per cent deal went ahead, Mr. Hattersley said that a major factor affecting the industry's charges appeared to be wage costs "on which current developments could be relevant." Mr. William Rodgers, Transport Secretary, has tried and failed three times to persuade West Midlands road hauliers to renegotiate the rises due to be

THE LEX COLUMN

Sterling's impact on the markets

Index fell 3.8 to 505.5



The Government bowed to the inevitable yesterday. But the securities markets reacted in markedly differing ways to the decision to let sterling appreciate. At the long end, gilt-edged started with good gains and showed further strength later with closing rises of about one and a half points. In sharp contrast equities slipped back quickly and the FT 30-share index fell below 500 around noon but by the close much of this ground had been recovered. In the midst of this short gilts and the money markets took a central view, showing little change. This diversity of reaction presents something of a contrast to the events of late July when the Government's last exchange rate policy change—the shifting of the support peg from a dollar to an effective trade weighted basis—proved to be a major hull signal for both the gilt-edged and the equity market.

Effective rate

The main difference from July is probably that the equity market has had to digest a batch of first half company results which have already shown the obvious depressing effect of a stronger currency. And whereas between July 27 and last Friday the effective sterling exchange rate rose by 3.1 per cent, the further rise yesterday alone was 3.4 per cent, on the same trade weighted basis.

But for the bond market—at any rate at the longer end—the implications remain favourable. There will be a direct effect on inflation and the Government has clearly shown its determination to stick to its monetary guidelines. The way is now open for the yield curve to become less steep, mainly through a decline in long rates. A flattening could also be achieved by rises at the short end. However, since the Government will still be endeavouring to keep the appreciation of sterling within bounds it will continue to find attractions in having very low money market rates, at least until these produce a domestically generated money supply problem—perhaps early next year.

The gilt-edged market will rise to \$2 while others thought around \$1.57 might be the new benchmark. The authorities have still not been converted to the idea of a truly clean float so the danger remains that they could again

try to take on the exchange markets at some artificial level and spark new wave of instability. For the moment the City breathes a sigh of relief from the strains of the last few weeks. The weakness of the market in the last month already in part reflected about the impact on profits of sterling appreciation. Nevertheless the timing effect of the move was sharp on some big earners—such as Beecham, Unilever and Thorneycroft. The biggest impact was in the insurance broking sector, an unusually adverse combination, with sterling eating into largely dollar revenues.

So far this year, will also be mostly cut off, of course, but Government funding should tend to be reduced progressively in line with a declining public sector borrowing requirement.

The role of foreign investors in the gilt-edged market will need to be carefully watched, however. These holders are now seeing further currency appreciation accruing on top of their investment gains and at some stage the temptation to take profits will become overriding. Gains made by North American investors in terms of their own currencies have been particularly large. To take the extreme case of a Canadian who doubled in War Loan just a year ago, he would by now have doubled his money.

Still further. But with long gilt yields still above 11 per cent, most foreigners are likely to stay with their holdings for the time being and they may reason that sterling has still further to go. There will be little point in the authorities repegging sterling at a rate which is still too low, leading to further inflows and a continuation of all the monetary consequences. Yet there was a great variation of opinion among foreign exchange dealers yesterday as to how high the rate might go. Some foresaw a rise to \$2 while others thought around \$1.57 might be the new benchmark.

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Dollar markets

The two dominant industrial trading countries are now, and Germany, against which U.K. has not yet lost the squeeze will up, however, in the markets, including sectors as shipping and oil. Investors are mainly committed in dollars. How whatever loss of U.K. competitiveness does occur over coming months will depend on the wage rises away by companies. Index going to have to live with higher exchange rate for time, so companies are not to be bailed out of excess generous pay deals.

The full impact of margins will not show for some time yet—perhaps until results start appearing the first half of 1978. But meantime company profits likely to look poor, because the technicalities of cost translation. The next batch of company results be for the twelve months ending December 31—during which dollar rate will have risen from \$1.69 to say \$2.00 (although the move against European currencies will be much smaller).

This seems likely to account for problems in cases, especially where 1977 results benefited greatly from weakness of sterling. A for example, Glaxo has to do without 27m. of each profit which glutted 1975-76 results.

Continued from Page 1

Pound leaps six cents

ness was described as fairly heavy and in both directions. Sterling then fell back slightly to close just over \$1.54 in London. The authorities at present appear to be interlocking only to smooth out erratic fluctuations and will want to see how far and how readily sterling rises before deciding on whether to try to repeg the rate. This does not mean that the Government will be willing to see an unlimited rise in the long-term. There is presumably the hope that market forces will exhaust themselves before too long with a rise to not much more than, say, \$1.90 in order not excessively to undermine price competitiveness. The Government also clearly retains the objective of achieving some form of stability in the exchange rate, as earlier this year. The impact of the rise in the pound on competitiveness and on the rate of price inflation will depend on how large and how sustained any rise is. There is some concern in Whitehall that the prospects of textiles in particular could be affected. On the conventional arithmetic, a 1 per cent rise in the exchange rate reduces the rate of price inflation by about one fifth of a point within nine months to a year. Some monetarist economists believe the impact is greater, while the September Bank of England Quarterly Bulletin argued that a very large appreciation would be required to obtain any large effect on domestic prices within any short time, such as a year.

Weather

Table with columns for U.K. TO-DAY, N. Wales, N.W. England, Lakes, S. of Man, S.W. England, S. Wales, and BUSINESS CENTRES. Includes weather forecasts for various cities and holiday resorts.

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